

**CITY OF SOUTH JORDAN**  
**STATE OF UTAH**

**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2005**

Prepared by:  
City of South Jordan, Division of Finance

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**CITY OF SOUTH JORDAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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## INTRODUCTORY SECTION



SOUTH JORDAN  
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December 19, 2005  
The Honorable Mayor and  
Members of the City Council  
South Jordan City, Utah

Re: Finance Officer's transmittal letter and report on financial statements.

The Comprehensive Annual Financial Report (CAFR) of the City of South Jordan (the City) for the fiscal year ended June 30, 2005, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City issue a report on its financial position and activity, and this report be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This CAFR has been prepared by the City of South Jordan Finance Division. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This CAFR is presented in three main sections:

1. *The Introductory Section*, which includes this letter of transmittal, the City's organizational chart, and a list of City officials.
2. *The Financial Section*, which includes the independent auditor's report, MD&A, the basic financial statements, required supplementary information (RSI), and other supplementary information which includes schedules for individual funds.
3. *The Statistical Section*, which provides a history of selected financial and demographic information.

The City is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the Office of Management and Budget's Circular 1-133, audits of State and Local Government.

The financial reporting entity (The City) includes all of the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the South Jordan Redevelopment Agency and Municipal Building Authority are reported in this CAFR as a special revenue fund and a capital project fund, respectively.

Mayor-William Kent Money  
Council Member-Ann Gayheart  
Council Member-Bradley G. Marlor  
Council Member-David W. Colton  
Council Member-Leona Winger  
Council Member-Mary Wenner



City Manager-Ricky A. Horst

## GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

### ***Governmental Structure***

Under the city manager form of government, by ordinance, legislative powers are vested in a governing body, consisting of a Mayor and five members of a City Council. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The Council Members are elected by district and serve staggered four-year terms. They are assisted by a City Manager who is responsible for establishing and implementing City policies, carrying out the ordinances of the City Council, and overseeing the day-to-day operations of the government.

The City provides the full range of municipal services normally associated with a municipality. In brief, the general governmental functions include police and fire protection; park construction and maintenance; street construction and maintenance; public improvements; engineering; building inspection; planning and zoning; and administrative services. The City also operates water and waste collection as enterprise funds.

### ***Economic Condition and Outlook***

The City of South Jordan, incorporated in 1935, is located in the southern part of the Salt Lake valley. The City is a rapidly growing suburban community encompassing 21.8 square miles. The City's population is approximately 43,959. This represents an increase of 11.29 percent over the previous year. We anticipate the population in South Jordan will continue to increase rapidly.

The added population has placed increased demands on services, but the City has adopted a conservative approach to the expansion of various public services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

Following statewide trends, South Jordan experienced significant, positive economic growth during FY 04-05. The City's sales tax revenues increased just over 12 percent from the previous year. This statistic is indicative of the City's efforts to expand its sales tax base. The growth in population, as well as sales tax revenue, is expected to continue to increase for the foreseeable future.

## MAJOR INITIATIVES

The government's staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the government's commitment to ensuring that the citizens of South Jordan are able to live and work in a desirable environment. During the fiscal year 2004-05, the City had several significant projects. Some of these projects are listed below:

1. Aquatic Fitness Center. The City's Aquatic Fitness Center opened during February 2005. This 66,000 sq ft facility includes a large indoor pool with a lazy river, 22 ft tall slide, and lanes for lap swimming. The facility also contains gymnasiums with three full-size basketball courts, a dance studio, an aerobic room, an indoor track, cardio machines, and strength training equipment.
2. Culinary Water System Upgrade. The City is currently working on a \$23 million culinary water project. This project will make significant improvements to the City's culinary water system.
3. Gale Center of History and Culture. This facility will house City administration offices along with multiple history exhibits in relation to the City of South Jordan. The center will also have an auditorium which will be available for rental and public use. The anticipated completion date for the center is June 2007.
4. Skate Park. The City's skate park is 15,092 sq ft. The park contains a freestyle section as well as a 3,500 sq ft bowl with a maximum drop of 10 feet. The facility was designed for varied levels of difficulty. The park includes lawn areas for spectators, and the entire facility is surrounded by a rod iron fence for security purposes.
5. 9800 South. This road was completed December 2005. It connects 9800 South from 2700 West to Redwood Rd. This road will assist in improving east-west traffic flow through the City.



6. Ice Rink. A 24,600 sq ft ice skating rink was completed November 2005. This rink is free to the public and will also be used as a fountain during summer months. Surrounding the rink are fire pits/warmers and benches for spectators to watch the skaters.

The City Council recognizes the need to develop the City's economic base in order to provide the necessary services, i.e., recreation, roads, water, etc. to its citizens. Efforts are being made by the City to attract new sales tax generating businesses and to promote the type of activities that will enhance the quality of life in the community.

The City currently has nine redevelopment areas (RDA's). These areas are formed with the intent of encouraging new development within the City. During the year, several new office and retail areas were either built or expanded. Included in these areas are the City's ice rink, the new Salt Lake County library and a Walmart which is scheduled to be completed January 2006.

One RDA, located on Bangerter and 11400 South, contains an area known as "The District." This area will include many new retail and entertainment establishments. Among the new businesses coming to the City are: a 24-screen movie theatre, Target, JC Penney Gart Sports, Petco, Key Bank, Chase Bank, Noodles, Village Inn and Rumbi. The City will continue to encourage development through the use of redevelopment areas.

## **FINANCIAL INFORMATION**

South Jordan's financial statements reflect the rapid growth of the City. The balance in the City's General Fund decreased by \$33,159 during the fiscal year to end with a balance of \$3,397,040. This amount represents an increase of \$2,729,578 from five years ago. During the same five-year period, the City's governmental funds revenues increased from \$12,938,037 to \$29,867,892, and expenditures increased from \$12,840,044 to \$36,084,491. Growth in proprietary funds has increased during this period as well. Proprietary funds' revenues increased from \$5,313,141 to \$10,442,201 since fiscal year 2000, while operating expenses rose from \$4,362,142 to \$8,360,078.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place and to document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations by Administration. The audit for the fiscal year ended June 30, 2005, disclosed no material internal control weaknesses or material violations of laws and regulations.

The City's budget serves as the foundation for its financial planning and control. City management prepares a proposed, annual budget which is presented to the City Council for review no later than the first council meeting in May. The council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 22 unless there is a proposed increase in the City's certified tax rate. In which case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase.

The budget is prepared by fund, and the General Fund is further divided into departments. Department heads may make transfers of appropriations within a department. Transfers in appropriations between departments, or increases in revenues require the approval of the City Council. Activities of the General Fund, special revenue funds, debt service funds and capital projects fund are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriate amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the statement included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### ***Cash Management***

The City Treasurer focuses on safety, liquidity and yield of investment. The highest priority of cash management and investments is to ensure adequate funds are available to meet City obligations and that all investments are in safe instruments. Yield, while important, is considered third priority after safety and liquidity. All City funds are invested

in accordance with the guidelines established by the Utah Money Management Act and in institutions approved by the Utah State Treasurer's Office.

### ***Risk Management***

The City is exposed to a variety of accidental losses and has established a risk management strategy that attempts to reasonably minimize losses and the cost of carrying insurance. Risk control techniques have been established to provide reasonable assurance that City employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control techniques have been established to reduce possible losses to property owned, or under the control of the City. Furthermore, supervisory personnel are held responsible for monitoring risk control techniques on an operational basis.

During this year, the City also set up a Workers' Compensation fund as a special revenue fund. Monies from other operating funds of the City were transferred, and will continue to be transferred in future years, to offset potential future losses due to worker injury claims.

## **OTHER INFORMATION**

### ***Independent Audit***

State statutes require an annual audit by independent certified public accountants. The firm of Gilbert & Stewart was selected by the City Council to perform this audit. This audit was designed to meet the requirements set forth in the Utah State statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining report on the general purpose financial statements and combining and individual fund statements are included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can also be found after the statistical section.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of South Jordan for its CAFR, for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

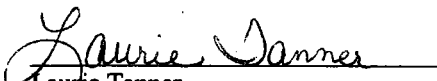
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the past 19 years. We believe our current report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

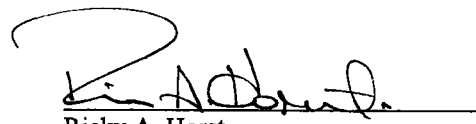
### ***Acknowledgments***

We would like to thank the City Council and the Mayor for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the City Staff. We would like to express our appreciation to our staff and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,

  
Laurie Tanner  
Chief Operating Officer

  
Ricky A. Horst  
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Jordan,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



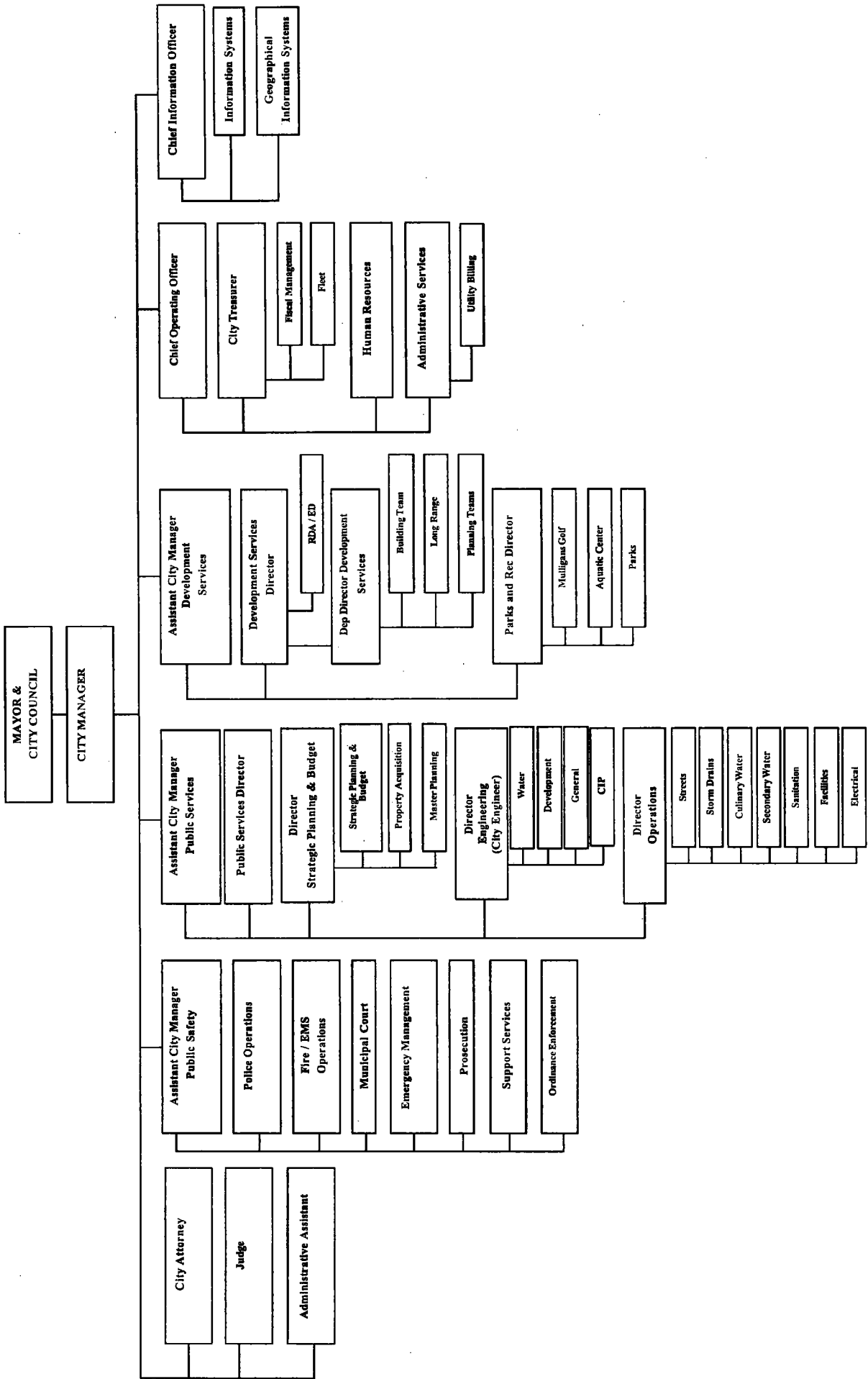
*Nancy L. Ziehlke*

President

*Jeffrey R. Emen*

Executive Director

# THE CITY OF SOUTH JORDAN ORGANIZATION CHART



**CITY OF SOUTH JORDAN**  
List of Elected and Appointed Officials  
June 30, 2005

Elected Officials

Mayor  
Council Member  
Council Member  
Council Member  
Council Member  
Council Member

William Kent Money  
David W. Colton  
Ann Gayheart  
Bradley G. Marlor  
Mary Wenner  
Leona Winger

Appointed Officials

City Manager  
Assistant City Manager - Public Safety  
Assistant City Manager - Public Services  
Assistant City Manager - Development Services  
Municipal Court Judge  
City Attorney  
City Treasurer

Ricky A. Horst  
Lindsay D. Shepherd  
I. Robert Wall  
Gary L. Whatcott  
Clinton E. Balmforth  
John H. Geilmann  
Dean Lundell

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## FINANCIAL SECTION



SOUTH JORDAN  
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## AUDITOR'S REPORT



SOUTH JORDAN  
U T A H



**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

RANDEL A HEATON, C.P.A.  
LYNN A. GILBERT, C.P.A.  
JAMES A. GILBERT, C.P.A.  
BEN H. PROBST, C.P.A.

SIDNEY S. GILBERT, C.P.A.  
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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and City Council  
City of South Jordan, Utah

November 30, 2005

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan, Utah (City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

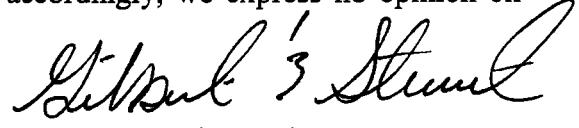
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued a report dated November 30, 2005 on our consideration of the City of South Jordan's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the

United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Jordan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



GILBERT & STEWART  
*Certified Public Accountants*

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## **CITY OF SOUTH JORDAN, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of South Jordan, we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

### **FINANCIAL HIGHLIGHTS**

- The total net assets of the City of South Jordan increased 13.89% to \$153,204,924. This is made up of \$120,216,198 in capital assets net of related debt and \$32,988,726 in other net assets.
- As of June 30, 2005 the City's governmental funds reported a combined fund balance of \$18,573,534. This represents a 6.56% decrease from the previous year.
- The City's General Fund balance as of June 30, 2005 is \$3,397,040. This is a decrease of \$33,156 from last year's balance of \$3,430,196. Utah State Law allows that any balance in excess of 5% of the total estimated revenues may be utilized for budget purposes. The maximum fund balance allowed is 18% of estimated revenues. The City's General Fund balance is at the maximum level of 18%.
- As South Jordan continues to grow, so does its tax base. The City's tax revenue increased by 13.51% from a 2004 level of \$10,240,605 to \$11,623,773 in 2005.
- The City received total of \$12,902,735 in capital grants and contributions. These contributions consisted primarily of infrastructure assets, which were built by developers and then donated to the City.
- The City paid in full \$4.1 million in tax increment bonds. These bonds were paid with the proceeds from the sale of a City building, which was the collateral for the bonds.

### **REPORT/OVERVIEW**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

*The Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

*The Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 29-31 of this report.

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities and governmental funds in a reconciliation included with the fund financial statements.

The City maintains fifteen individual governmental funds. The following new special revenue funds were established by the City during the year:

- Recreation Center Fund. The revenue received is from user fees charged to users of the facility. Expenditures are made to operate and maintain the center.

- **Workers Compensation Fund.** The revenue source for this fund is transfers from the City's General Fund. This fund will accumulate funds, which will be used to pay future workers compensation claims.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Redevelopment Agency, Municipal Building Authority, and Construction, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 33-36 of this report.

***Proprietary Funds*** – The City maintains one type of proprietary fund, which is an enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sanitation and Mulligans. These funds are all considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

***Notes to the financial statements*** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 41 of this report.

***Required Supplementary Information (RSI)*** – This section contains budget to actual statements for the City's General Fund as well as its only major special revenue fund, which is the Redevelopment Agency Fund. The RSI section begins on page 69.

***Other Information*** – In addition to the above mentioned statements and reports, this report also presents other supplementary information as well as a statistical section to give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City's nonmajor funds as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 73, and the statistical section begins on page 97.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of South Jordan, assets exceeded liabilities by \$153,204,924 as of June 30, 2005.

By far the largest portion of the City's net assets (78.47%) reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table summarizes the City's Net Assets.

#### CITY OF SOUTH JORDAN'S NET ASSETS

|  | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Total              |                    |
|--|----------------------------|----------------------|-----------------------------|----------------------|--------------------|--------------------|
|  | 2005                       | 2004                 | 2005                        | 2004                 | 2005               | 2004               |
| Current and other assets                           | \$ 36,285,336              | \$ 36,608,601        | \$ 23,306,460               | \$ 27,655,948        | \$ 59,591,796      | \$ 64,264,549      |
| Capital assets                                     | 115,156,800                | 106,474,669          | 66,153,533                  | 55,059,705           | 181,310,333        | 161,534,374        |
| Total assets                                       | <u>151,442,136</u>         | <u>143,083,270</u>   | <u>89,459,993</u>           | <u>82,715,653</u>    | <u>240,902,129</u> | <u>225,798,923</u> |
| Long-term debt outstanding                         | 36,131,477                 | 40,951,671           | 38,231,989                  | 38,736,686           | 74,363,466         | 79,688,357         |
| Other liabilities                                  | 10,780,479                 | 9,435,235            | 2,553,260                   | 2,157,744            | 13,333,739         | 11,592,979         |
| Total liabilities                                  | <u>46,911,956</u>          | <u>50,386,906</u>    | <u>40,785,249</u>           | <u>40,894,430</u>    | <u>87,697,205</u>  | <u>91,281,336</u>  |
| Net assets   |                            |                      |                             |                      |                    |                    |
| Invested in capital assets,<br>net of related debt | 79,256,640                 | 65,340,150           | 40,959,558                  | 35,170,815           | 120,216,198        | 100,510,965        |
| Restricted   | 5,526,916                  | 7,371,459            | 4,189,093                   | 1,843,649            | 9,716,009          | 9,215,108          |
| Unrestricted                                       | 19,746,624                 | 19,984,755           | 3,526,093                   | 4,806,759            | 23,272,717         | 24,791,514         |
| Total net assets                                   | <u>\$ 104,530,180</u>      | <u>\$ 92,696,364</u> | <u>\$ 48,674,744</u>        | <u>\$ 41,821,223</u> | <u>153,204,924</u> | <u>134,517,587</u> |

An additional portion of the City's net assets (6.34%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$23,272,717 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended June 30, 2005. Net Assets for governmental activities increased by \$11,833,816, which is a increase \$1,608,408 from the previous year. Business-type activities increased by \$6,853,521 which represents an increase of \$1,537,582 from the previous year.

**CITY OF SOUTH JORDAN'S CHANGES IN NET ASSETS**

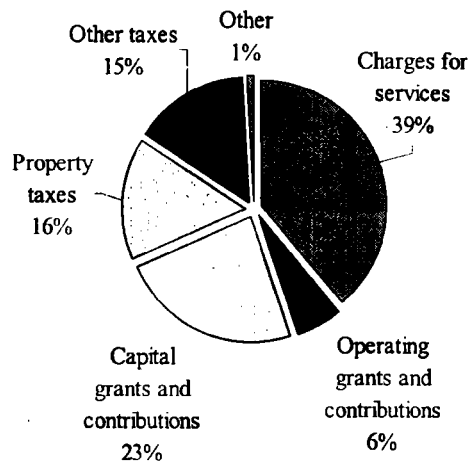
|  | Governmental<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|  | 2005                       | 2004                 | 2005                        | 2004                 | 2005                 | 2004                 |
| <b>Revenues</b>                                    |                            |                      |                             |                      |                      |                      |
| Program revenues:                                  |                            |                      |                             |                      |                      |                      |
| Charges for services                               | \$ 14,770,729              | \$ 11,951,089        | \$ 13,052,230               | \$ 11,066,695        | \$ 27,822,959        | \$ 23,017,784        |
| Operating grants and contributions                 | 2,230,985                  | 1,727,810            | -                           | -                    | 2,230,985            | 1,727,810            |
| Capital grants and contributions                   | 8,865,370                  | 6,483,571            | 4,037,365                   | 2,392,023            | 12,902,735           | 8,875,594            |
| General Revenues:                                  |                            |                      |                             |                      |                      |                      |
| Property taxes                                     | 6,063,532                  | 5,334,058            | -                           | -                    | 6,063,532            | 5,334,058            |
| Other taxes  | 5,655,247                  | 4,877,572            | -                           | -                    | 5,655,247            | 4,877,572            |
| Other  | 315,668                    | 879,795              | 29,710                      | 8,422                | 345,378              | 888,217              |
| <b>Total revenues</b>                              | <b>37,901,531</b>          | <b>31,253,895</b>    | <b>17,119,305</b>           | <b>13,467,140</b>    | <b>55,020,836</b>    | <b>44,721,035</b>    |
| <b>Expenses:</b>                                   |                            |                      |                             |                      |                      |                      |
| General Government                                 | 5,862,625                  | 5,820,347            | -                           | -                    | 5,862,625            | 5,820,347            |
| Public Safety                                      | 6,829,037                  | 6,026,263            | -                           | -                    | 6,829,037            | 6,026,263            |
| Public Works                                       | 6,460,953                  | 4,943,240            | -                           | -                    | 6,460,953            | 4,943,240            |
| Development Services                               | 4,447,692                  | 2,488,857            | -                           | -                    | 4,447,692            | 2,488,857            |
| Interest on Long-Term Debt                         | 1,956,191                  | 2,007,526            | -                           | -                    | 1,956,191            | 2,007,526            |
| Water  | -                          | -                    | 7,530,798                   | 6,586,729            | 7,530,798            | 6,586,729            |
| Sanitation   | -                          | -                    | 1,226,513                   | 1,306,726            | 1,226,513            | 1,306,726            |
| Mulligans  | -                          | -                    | 1,151,761                   | -                    | 1,151,761            | -                    |
| <b>Total Expenses</b>                              | <b>25,556,498</b>          | <b>21,286,233</b>    | <b>9,909,072</b>            | <b>7,893,455</b>     | <b>34,313,809</b>    | <b>29,179,688</b>    |
| Loss on Sale of Fixed Assets                       | (867,929)                  | -                    | -                           | -                    | (867,929)            | -                    |
| Increase (decrease) in net assets before transfers | 11,477,104                 | 9,967,662            | 7,210,233                   | 5,573,685            | 18,687,337           | 15,541,347           |
| Transfers  | 356,712                    | 257,746              | (356,712)                   | (257,746)            | -                    | -                    |
| <b>Increase in net assets</b>                      | <b>11,833,816</b>          | <b>10,225,408</b>    | <b>6,853,521</b>            | <b>5,315,939</b>     | <b>18,687,337</b>    | <b>15,541,347</b>    |
| Net assets, beginning                              | 92,696,364                 | 82,470,956           | 41,821,223                  | 36,505,284           | 134,517,587          | 118,976,240          |
| <b>Net assets, ending</b>                          | <b>\$104,530,180</b>       | <b>\$ 92,696,364</b> | <b>\$ 48,674,744</b>        | <b>\$ 41,821,223</b> | <b>\$153,204,924</b> | <b>\$134,517,587</b> |

Impact fees are the primary source of revenue for program revenues, and property taxes are the primary source of general revenue. Most of the City's operating grants are related to public safety, while capital grants consist mostly of donated infrastructure assets.

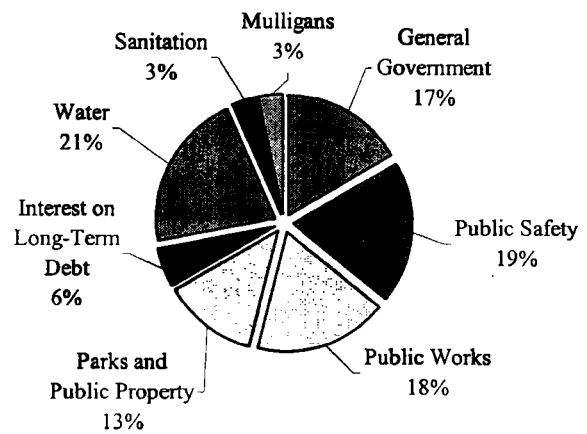
The two graphs on the following page display South Jordan's government-wide revenues and expenses for the fiscal year ended June 30, 2005.



**Total Revenues**  
Government-Wide Operations  
of the City of South Jordan

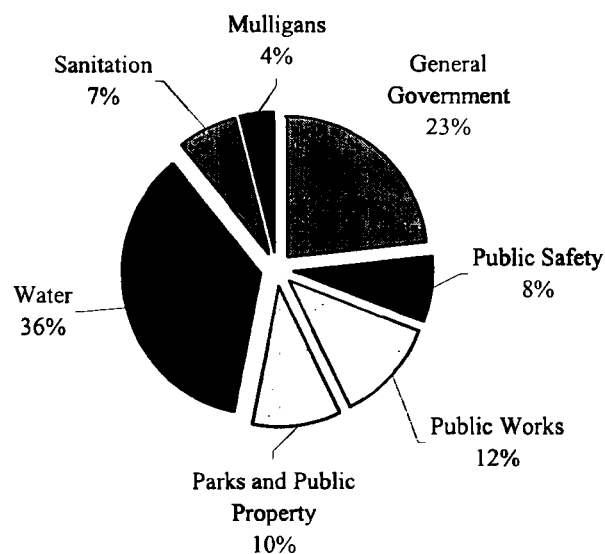


**Total Expenses**  
Government-Wide Operations  
of the City of South Jordan



The following graph displays details of the City's charges for services for the fiscal year ended June 30, 2005.

**Charges for Services by Source**  
for the City of South Jordan



## Financial Analysis of Government's Funds

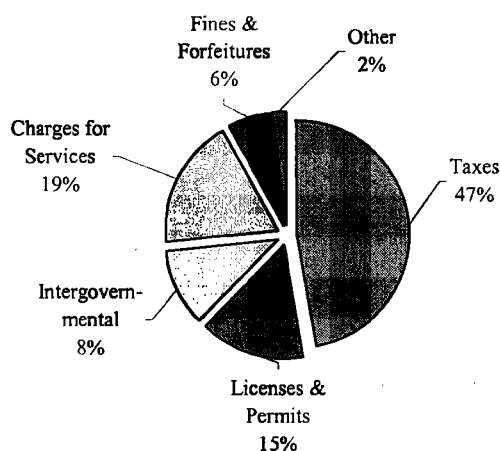
**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2005, The City's governmental funds (General, Capital Projects, Debt Service, & Special Revenue) reported combined fund balances of \$18,573,534. This represents a decrease of \$1,303,824 over last year's ending balances. Approximately 69% of the total fund balance (\$12,886,360) constitutes *unreserved fund balance*. This includes \$6,742,713, which is not reserved but is designated to be used for capital projects within the City. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for debt service, 2) to pay for capital projects funded by impact fee revenue, 3) or for a variety of other restricted purposes.

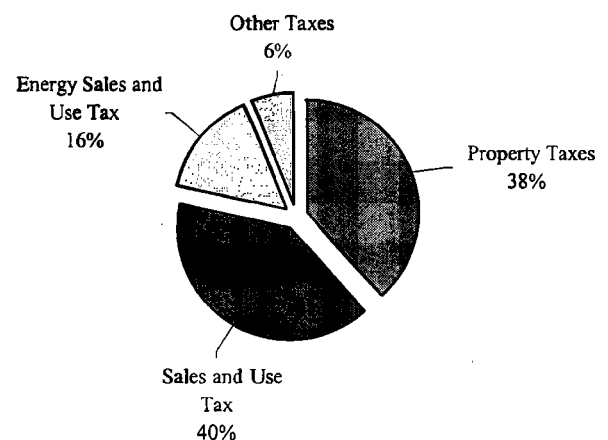
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in the fund. Expenditures exceeded revenues in the General Fund by \$33,156 during the year.

Taxes continue to be the largest source of revenue in the General Fund and represent 53% of total general fund revenues. The largest component of tax revenue is sales tax. Sales tax represents 40% of total tax revenues and 19% of total general fund revenues. This compares with 21% in the prior fiscal year ended June 30, 2004.

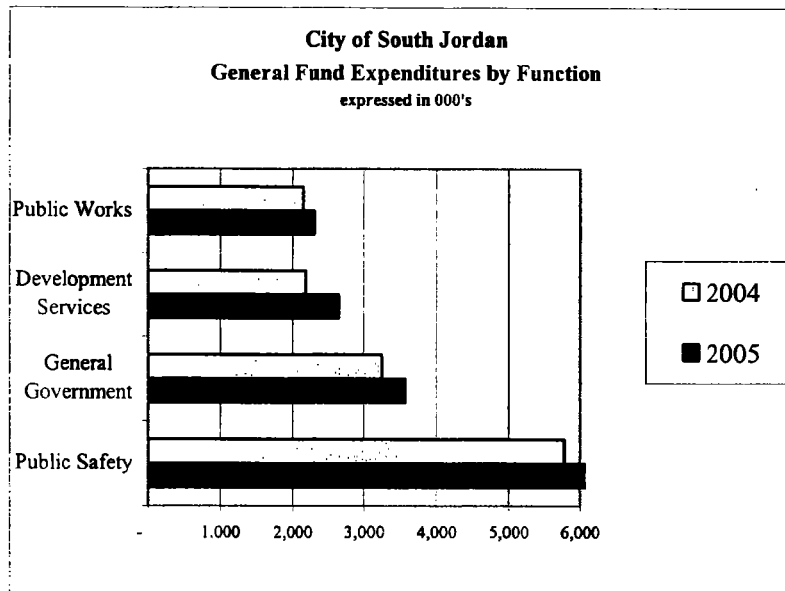
**City of South Jordan  
General Fund Revenue by Source**



**Tax Revenue by Type  
for the City of South Jordan**



General Fund expenditures increased from \$13,371,481 2004 to \$15,150,087 in 2005. This represents a 13.30% increase. The increase in expenditures is fairly consistent throughout all departments and is an indication of the rapid growth of the City, which results in greater needs for the City and its citizens. The chart below compares general fund expenditures between 2004 and 2005.



**Enterprise Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net assets of the Water fund decreased from \$3,308,295 to \$767,740; increased from \$1,157,443 to \$2,063,141 in the sanitation fund, and increased from \$341,021 to \$695,212 in the Mulligans fund.

During fiscal year 2004-2005, water rates were adjusted to keep pace with the City's increase cost to purchase water. The base rate for residential customers remained at \$26.68 per month with consumption rates ranging from \$1.14 to \$1.58 per thousand gallons. The base rate for commercial customers increased from \$53.89 per month to \$56.59 per month with consumptions rates ranging from \$1.35 per thousand gallons to \$1.95 per thousand gallons. Higher rates are charged to consumers as their consumption increases. Other factors concerning the finances of these two funds have already been discussed in the discussion of South Jordan's business-type activities.

### **General Fund Budgetary Highlights**

During the fiscal year, the General Fund original budget (not including transfers) was amended from an original budget expenditure total of \$14,974,317 to a final budget of \$15,770,841. All departments monitor their budgets closely and are required to stay within their budget. The mid-year adjustments which were made can be summarized as follows:

- General Government increased by \$215,321.
- Public Safety increased by \$718,571.
- Public Works decreased by \$528,549.
- Development Services increased by \$391,181.

During the year, actual revenues received exceeded budgeted revenues by \$1,870,890. Actual expenditures were less than budgeted expenditures by \$620,754. These surpluses were transferred to capital projects to assist in fulfilling the capital needs of the City.

### Capital Assets and Debt Administration

**Capital assets.** The City of South Jordan's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$181,310,330 (net of accumulated depreciation). This investment in capital assets includes: and, buildings and structures, improvements, infrastructure (streets, sidewalks, etc.), machinery and equipment, and construction in progress. The total increase in the City's investment in fixed assets for the current year was 12% (an 8% increase for governmental activities and a 20% increase for business-type activities).

City of South Jordan's Capital Assets  
(net of depreciation)

|                      | Governmental activities |                | Business-type activities |               | Total          |                |
|----------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
|                      | 2005                    | 2004           | 2005                     | 2004          | 2005           | 2004           |
| Land                 | \$ 8,099,623            | \$ 11,984,229  | \$ 12,134,910            | \$ 12,112,250 | \$ 20,234,533  | \$ 24,096,479  |
| Water Shares         | -                       | -              | 17,688,682               | 17,116,232    | 17,688,682     | 17,116,232     |
| Buildings            | 17,208,579              | 10,076,907     | 1,641,841                | 1,721,770     | 18,850,420     | 11,798,677     |
| Improvements         | 5,496,522               | 3,878,888      | 106,471                  | -             | 5,602,993      | 3,878,888      |
| Machinery & Equip    | 3,899,157               | 3,502,753      | 980,192                  | 1,000,288     | 4,879,349      | 4,503,041      |
| Infrastructure       | 76,796,104              | 70,453,241     | 22,707,506               | 18,895,731    | 99,503,610     | 89,348,972     |
| Const in Progress    | 3,656,815               | 6,578,651      | 10,893,931               | 4,213,434     | 14,550,746     | 10,792,085     |
| Total Capital Assets | \$ 115,156,800          | \$ 106,474,669 | \$ 66,153,533            | \$ 55,059,705 | \$ 181,310,333 | \$ 161,534,374 |

Major capital asset events during the current fiscal year include the following:

- Completion of the City's Aquatic Fitness center at a final cost of \$8,425,894.
- Sale of the old South Jordan Elementary school building for \$3,237,000.
- \$7,898,677 spent to upgrade the City's culinary water system.
- \$387,708 towards the construction of 9800 South.
- \$8,253,242 in infrastructure assets contributed during FY 2004-05.

Additional information on the City's capital assets can be found on footnote 8 on page 58 of this report.

**Long-term debt.** At the end of fiscal year 2005, the City had a total bonded debt outstanding of \$68,630,000. All of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

City of South Jordan's Outstanding Debt  
General Obligation and Revenue Bonds

|   | Governmental<br>activities |               | Business-type<br>activities |               | Total         |               |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
|   | 2005                       | 2004          | 2005                        | 2004          | 2005          | 2004          |
| General obligation bonds                                | \$ -                       | \$ -          | \$ -                        | \$ -          | \$ -          | \$ -          |
| Special Assessment debt<br>with governmental commitment | 6,740,000                  | 7,170,000     | -                           | -             | 6,740,000     | 7,170,000     |
| Revenue Bonds   | 24,670,000                 | 29,720,000    | 37,220,000                  | 38,070,000    | 61,890,000    | 67,790,000    |
| Total net assets  | \$ 31,410,000              | \$ 36,890,000 | \$ 37,220,000               | \$ 38,070,000 | \$ 68,630,000 | \$ 74,960,000 |

The City's total bonded debt decreased by \$6,330,000 during the current fiscal year. No new bonds were issued, and \$4.1 million in RDA increment bonds were retired with the sale of a City-owned building located at 1300 West and 104<sup>th</sup> South which was secured by the bonds.

The City currently maintains an "AA-" rating from both Standard and Poor's and Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 12% of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4% may be used for general purposes. The current limitation for the City is \$107,787,970, which is significantly in excess of the City's outstanding general obligation debt. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum of 12% may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer and electrical projects is thus \$323,363,909, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt (or Outstanding Debt) can be found in footnote 10 on pages 61-63 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the State of Utah currently is 4.5%. This compares with a national unemployment rate of 5.0%. The 2004 unemployment rate was 5.4%. (Source: Utah Dept of Workforce Services)
- The General Fund budget for the fiscal year-ending June 30, 2005 reflects an increase of 13.3% over the final budget for the fiscal year-ended June 30, 2004.

- All rates the City charges for services are evaluated annually. As of July 1, 2005 the base rate for residential water service increased to \$28.02. Consumption rates were raised to a range between \$1.20 and \$1.66 per thousand gallons.

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the City of South Jordan's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of South Jordan, Chief Accountant, 1600 West Towne Center Drive, South Jordan, UT 84095, or call (801) 254-3742, or e-mail to [snaidu@sjc.utah.gov](mailto:snaidu@sjc.utah.gov).

## **BASIC FINANCIAL STATEMENTS**



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**SOUTH JORDAN**

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U T A H

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**SOUTH JORDAN**  
U T A H



# CITY OF SOUTH JORDAN

## Statement of Net Assets

June 30, 2005

|  | Primary Government         |                             |                |
|--|----------------------------|-----------------------------|----------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>ASSETS</b>                                      |                            |                             |                |
| Cash and Cash Equivalents                          | \$ 18,122,646              | \$ 16,828,777               | \$ 34,951,423  |
| Restricted Cash                                    | 1,760,363                  | 1,542,246                   | 3,302,609      |
| Receivables  | 15,226,775                 | 1,567,400                   | 16,794,175     |
| Note Receivable                                    | 90,000                     | -                           | 90,000         |
| Inventories  | 26,130                     | 26,718                      | 52,848         |
| Other Assets                                       | 303,346                    | 2,496,153                   | 2,799,499      |
| Bond Issuance Costs (Net)                          | 756,076                    | 845,166                     | 1,601,242      |
| Capital Assets:                                    |                            |                             |                |
| Land   | 8,099,623                  | 12,134,910                  | 20,234,533     |
| Water Shares                                       | -                          | 17,688,682                  | 17,688,682     |
| Buildings  | 19,047,622                 | 1,960,145                   | 21,007,767     |
| Improvements                                       | 107,840,655                | 29,981,915                  | 137,822,570    |
| Machinery & Equipment                              | 8,406,939                  | 2,114,020                   | 10,520,959     |
| Construction in Progress                           | 3,656,815                  | 10,893,931                  | 14,550,746     |
| Less Accumulated Depreciation                      | (31,894,854)               | (8,620,070)                 | (40,514,924)   |
| Total Assets                                       | 151,442,136                | 89,459,993                  | 240,902,129    |
| <b>LIABILITIES</b>                                 |                            |                             |                |
| Accounts Payable                                   | 1,174,361                  | 1,232,747                   | 2,407,108      |
| Unearned Revenue                                   | 6,415,246                  | -                           | 6,415,246      |
| Unamortized Bond Premium                           | 125,321                    | 818,708                     | 944,029        |
| Other Liabilities                                  | 2,292,187                  | 72,994                      | 2,365,181      |
| Accrued Interest Payable                           | 773,364                    | 428,811                     | 1,202,175      |
| Long-term Liabilities                              |                            |                             |                |
| Due Within One Year                                | 2,636,171                  | 2,341,646                   | 4,977,817      |
| Due in More Than One Year                          | 33,495,306                 | 35,890,343                  | 69,385,649     |
| Total Liabilities                                  | 46,911,956                 | 40,785,249                  | 87,697,205     |
| <b>NET ASSETS</b>                                  |                            |                             |                |
| Invested in Capital Assets, net<br>of related debt | 79,256,640                 | 40,959,558                  | 120,216,198    |
| Restricted for:                                    |                            |                             |                |
| Impact Fees  | 3,337,950                  | 2,646,847                   | 5,984,797      |
| Debt Service                                       | 1,760,363                  | 1,542,246                   | 3,302,609      |
| Perpetual Care                                     |                            |                             |                |
| Expendable   | 157,895                    | -                           | 157,895        |
| Non-expendable                                     | 270,708                    | -                           | 270,708        |
| Unrestricted                                       | 19,746,624                 | 3,526,093                   | 23,272,717     |
| Total Net Assets                                   | \$ 104,530,180             | \$ 48,674,744               | \$ 153,204,924 |

See accompanying notes.

# CITY OF SOUTH JORDAN

## Statement of Activities For the Year Ended June 30, 2005

| Activities                     | Expenses          | Program Revenues     |                                    |                                  |
|--------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
|                                |                   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government             |                   |                      |                                    |                                  |
| Governmental:                  |                   |                      |                                    |                                  |
| General Government             | \$ 5,862,625      | \$ 6,459,964         | \$ 139,861                         | \$ 496,733                       |
| Public Safety                  | 6,829,037         | 2,096,760            | 676,098                            | -                                |
| Public Works                   | 6,460,953         | 3,337,655            | 1,415,026                          | 8,368,637                        |
| Development Services           | 4,447,692         | 2,876,350            | -                                  | -                                |
| Interest on Long-Term Debt     | 1,956,191         | -                    | -                                  | -                                |
| Total Governmental Activities  | <u>25,556,498</u> | <u>14,770,729</u>    | <u>2,230,985</u>                   | <u>8,865,370</u>                 |
| Business-type:                 |                   |                      |                                    |                                  |
| Water                          | 7,530,798         | 10,001,697           | -                                  | 4,037,365                        |
| Sanitation                     | 1,226,513         | 1,947,040            | -                                  | -                                |
| Mulligan's                     | 1,151,761         | 1,103,493            | -                                  | -                                |
| Total Business-type Activities | <u>9,909,072</u>  | <u>13,052,230</u>    | <u>-</u>                           | <u>4,037,365</u>                 |
| Total Primary Government       | <u>35,465,570</u> | <u>27,822,959</u>    | <u>2,230,985</u>                   | <u>12,902,735</u>                |

### General Revenues:

Property Taxes

Sales and Use Tax

Energy Sales and Use Tax

Other Taxes

Miscellaneous Revenue

Gain (loss) on disposition of capital assets

Unrestricted Investment Earnings

### Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets -- Beginning

Net Assets -- Ending

See accompanying notes.

| Net (Expense) Revenue and<br>Changes in Net Assets |                             |                |
|--|-----------------------------|----------------|
| Primary Government                                 |                             |                |
| Governmental<br>Activities                         | Business-type<br>Activities | Total          |
| \$ 1,233,933                                       | \$ -                        | \$ 1,233,933   |
| (4,056,179)  | -                           | (4,056,179)    |
| 6,660,365  | -                           | 6,660,365      |
| (1,571,342)  | -                           | (1,571,342)    |
| (1,956,191)  | -                           | (1,956,191)    |
| 310,586  | -                           | 310,586        |
| -  | 6,508,264                   | 6,508,264      |
| -  | 720,527                     | 720,527        |
| -  | (48,268)                    | (48,268)       |
| -  | 7,180,523                   | 7,180,523      |
| 310,586  | 7,180,523                   | 7,491,109      |
| 6,063,532  | -                           | 6,063,532      |
| 3,658,972  | -                           | 3,658,972      |
| 1,431,090  | -                           | 1,431,090      |
| 565,185  | -                           | 565,185        |
| 65,208   | -                           | 65,208         |
| (867,929)  | 6,440                       | (861,489)      |
| 250,460  | 23,270                      | 273,730        |
| 356,712  | (356,712)                   | -              |
| 11,523,230   | (327,002)                   | 11,196,228     |
| 11,833,816   | 6,853,521                   | 18,687,337     |
| 92,696,364   | 41,821,223                  | 134,517,587    |
| \$ 104,530,180                                     | \$ 48,674,744               | \$ 153,204,924 |

See accompanying notes.

# **Governmental Fund Financial Statements**

## **General Fund**

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund

## **Debt Service Fund**

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

## **Redevelopment Agency (RDA)**

This fund is used to account for the activities of the Redevelopment Agency. The Agency is an entity established to further public purpose in the redevelopment of particular City areas.

## **Municipal Building Authority (MBA)**

This fund is used to account for the construction of capital facilities of the City.

## **Construction Fund**

This fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants and interest earnings are the principal sources of funding for these projects.

## **Nonmajor Funds**

Nonmajor governmental funds are presented by fund type beginning on page 76.

# CITY OF SOUTH JORDAN

Balance Sheet  
Governmental Funds  
June 30, 2005

|  | General              | Debt Service        | Special Revenue     |                     |                      | Capital Projects |                     | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|------------------|---------------------|-----------------------------|--------------------------|
|  |                      |                     | RDA                 | MBA                 | Construction         |                  |                     |                             |                          |
| <b>ASSETS</b>                              |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| Cash & Cash Equivalents                    | \$ 4,586,593         | \$ 203,930          | \$ 512,409          | \$ 349,478          | \$ 9,755,931         | \$               | \$ 2,714,305        | \$                          | \$ 18,122,646            |
| Restricted for Debt Service                | -                    | 1,033,500           | -                   | 726,863             | -                    | -                | -                   | -                           | 1,760,363                |
| Receivables                                | 5,506,187            | 6,740,000           | 2,761,987           | -                   | 113,991              | -                | 104,610             | -                           | 15,226,775               |
| Notes Receivable                           | -                    | -                   | 90,000              | -                   | -                    | -                | -                   | -                           | 90,000                   |
| Inventories                                | 26,130               | -                   | -                   | -                   | -                    | -                | -                   | -                           | 26,130                   |
| Due from other funds                       | 667                  | -                   | -                   | -                   | -                    | -                | -                   | -                           | 667                      |
| Other Assets                               | 118,326              | -                   | -                   | -                   | 185,020              | -                | -                   | -                           | 303,346                  |
| <b>Total Assets</b>                        | <b>\$ 10,237,903</b> | <b>\$ 7,977,430</b> | <b>\$ 3,364,396</b> | <b>\$ 1,076,341</b> | <b>\$ 10,054,942</b> | <b>\$</b>        | <b>\$ 2,818,915</b> | <b>\$</b>                   | <b>\$ 35,529,927</b>     |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| <b>LIABILITIES</b>                         |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| Accounts payable and Accrued Liabilities   | 561,484              | -                   | 335,693             | -                   | 209,766              | -                | 67,417              | -                           | 1,174,360                |
| Construction Bonds and Refunds             | 2,292,187            | -                   | -                   | -                   | -                    | -                | -                   | -                           | 2,292,187                |
| Due to Other Funds                         | -                    | -                   | -                   | -                   | -                    | -                | 667                 | -                           | 667                      |
| Deferred Revenue                           | 333,933              | 6,740,000           | -                   | -                   | -                    | -                | -                   | -                           | 7,073,933                |
| Unearned Revenue                           | 3,653,259            | -                   | 2,761,987           | -                   | -                    | -                | -                   | -                           | 6,415,246                |
| <b>Total Liabilities</b>                   | <b>6,840,863</b>     | <b>6,740,000</b>    | <b>3,097,680</b>    | <b>-</b>            | <b>209,766</b>       | <b>-</b>         | <b>68,084</b>       | <b>-</b>                    | <b>16,956,393</b>        |
| <b>FUND BALANCES</b>                       |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| Reserved for:                              |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| Debt Service                               | -                    | 1,033,500           | -                   | 726,863             | -                    | -                | -                   | -                           | 1,760,363                |
| Impact Fees                                | -                    | -                   | -                   | -                   | 3,337,950            | -                | -                   | -                           | 3,337,950                |
| Long-term Note Receivable                  | -                    | -                   | -                   | -                   | 113,991              | -                | -                   | -                           | 113,991                  |
| Perpetual Care                             | -                    | -                   | -                   | -                   | -                    | -                | 270,708             | -                           | 270,708                  |
| Federal & State Grants                     | 59,706               | -                   | -                   | -                   | -                    | -                | -                   | -                           | 59,706                   |
| Other                                      | 144,456              | -                   | -                   | -                   | -                    | -                | -                   | -                           | 144,456                  |
| Unreserved, Reported In                    |                      |                     |                     |                     |                      |                  |                     |                             |                          |
| General Fund                               | 3,192,878            | -                   | -                   | -                   | -                    | -                | -                   | -                           | 3,192,878                |
| Capital Projects Funds                     | -                    | -                   | -                   | 349,478             | 6,393,235            | -                | -                   | -                           | 6,742,713                |
| Debt Service Funds                         | -                    | 203,930             | -                   | -                   | -                    | -                | -                   | -                           | 203,930                  |
| Special Revenue Funds                      | -                    | -                   | 266,716             | -                   | -                    | -                | -                   | -                           | 266,716                  |
| Permanent Funds                            | -                    | -                   | -                   | -                   | -                    | -                | 2,480,123           | -                           | 2,480,123                |
| <b>Total Fund Balances</b>                 | <b>3,397,040</b>     | <b>1,237,430</b>    | <b>266,716</b>      | <b>1,076,341</b>    | <b>9,845,176</b>     | <b>-</b>         | <b>2,750,831</b>    | <b>-</b>                    | <b>18,573,534</b>        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 10,237,903</b> | <b>\$ 7,977,430</b> | <b>\$ 3,364,396</b> | <b>\$ 1,076,341</b> | <b>\$ 10,054,942</b> | <b>\$</b>        | <b>\$ 2,818,915</b> | <b>\$</b>                   | <b>\$ 35,529,927</b>     |

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources.

Other long-term assets are not available to pay for current-period expenditures.

Long-term liabilities, including bonds payable, are not due and payable in the current period.

Net assets of governmental activities

See accompanying notes.

115,156,800

7,073,933

(36,274,087)

\$ 104,530,180

# CITY OF SOUTH JORDAN

## Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Year Ended June 30, 2005

|   | <u>Special Revenue</u> |                     |                    |
|---|------------------------|---------------------|--------------------|
|   | <u>General</u>         | <u>Debt Service</u> | <u>RDA</u>         |
| <b>REVENUES</b>                                   |                        |                     |                    |
| Taxes   | \$ 9,175,242           | \$ -                | \$ 2,446,643       |
| Licenses & Permits                                | 2,948,658              | -                   | -                  |
| Intergovernmental                                 | 2,124,881              | -                   | -                  |
| Charges for Services                              | 3,660,082              | -                   | -                  |
| Fines & Forfeitures                               | 1,189,595              | -                   | -                  |
| Special Assessments                               | -                      | 926,733             | -                  |
| Interest  | 250,460                | 23,849              | 312                |
| Impact Fees                                       | -                      | -                   | -                  |
| Miscellaneous                                     | 112,243                | 150,180             | 38,602             |
| Total Revenues                                    | <u>19,461,161</u>      | <u>1,100,762</u>    | <u>2,485,557</u>   |
| <b>EXPENDITURES</b>                               |                        |                     |                    |
| Current   |                        |                     |                    |
| General Government                                | 3,564,908              | -                   | 293,876            |
| Public Safety                                     | 6,619,809              | -                   | -                  |
| Public Works                                      | 2,311,903              | -                   | -                  |
| Development Services                              | 2,653,467              | -                   | -                  |
| Capital Outlay & Projects                         | -                      | -                   | 616,014            |
| Tax Increment Distributions                       | -                      | -                   | 581,406            |
| Debt Service                                      |                        |                     |                    |
| Principal Retirement                              | -                      | 1,583,502           | 4,133,392          |
| Interest and Fees                                 | -                      | 1,410,748           | 195,756            |
| Total Expenditures                                | <u>15,150,087</u>      | <u>2,994,250</u>    | <u>5,820,444</u>   |
| Excess (Deficiency) of Revenues over Expenditures | <u>4,311,074</u>       | <u>(1,893,488)</u>  | <u>(3,334,887)</u> |
| <b>Other Financing Sources (Uses)</b>             |                        |                     |                    |
| Proceeds from Long-Term Debt                      | -                      | -                   | -                  |
| Sale of Capital Assets                            | -                      | -                   | 3,237,000          |
| Transfers In                                      | 210,259                | 1,937,315           | 755,000            |
| Transfers Out                                     | (4,554,489)            | -                   | (1,424,000)        |
| Total Other Financing Sources (Uses)              | <u>(4,344,230)</u>     | <u>1,937,315</u>    | <u>2,568,000</u>   |
| Net Change in Fund Balance                        | (33,156)               | 43,827              | (766,887)          |
| Fund Balances - July 1                            | 3,430,196              | 1,193,603           | 1,033,603          |
| Fund Balances - June 30                           | <u>\$ 3,397,040</u>    | <u>\$ 1,237,430</u> | <u>\$ 266,716</u>  |

See accompanying notes.

| Capital Projects |              | Nonmajor              | Total                 |
|------------------|--------------|-----------------------|-----------------------|
| MBA              | Construction | Governmental<br>Funds | Governmental<br>Funds |
| \$ -             | \$ -         | \$ 1,888              | \$ 11,623,773         |
| -                | -            | -                     | 2,948,658             |
| -                | -            | 106,103               | 2,230,984             |
| -                | -            | 1,107,462             | 4,767,544             |
| -                | -            | -                     | 1,189,595             |
| -                | -            | -                     | 926,733               |
| 51,642           | 89,903       | 53,681                | 469,847               |
| -                | 5,333,222    | -                     | 5,333,222             |
| -                | 75,622       | 886                   | 377,533               |
| 51,642           | 5,498,747    | 1,270,020             | 29,867,889            |
| -                | -            | 88,116                | 3,946,900             |
| -                | -            | -                     | 6,619,809             |
| -                | -            | 456,073               | 2,767,976             |
| -                | -            | 580,217               | 3,233,684             |
| 1,385,871        | 8,555,960    | 328,175               | 10,886,020            |
| -                | -            | -                     | 581,406               |
| 325,000          | -            | -                     | 6,041,894             |
| 400,295          | -            | -                     | 2,006,799             |
| 2,111,166        | 8,555,960    | 1,452,581             | 36,084,488            |
| (2,059,524)      | (3,057,213)  | (182,561)             | (6,216,599)           |
| -                | 1,246,924    | -                     | 1,246,924             |
| -                | 72,139       | -                     | 3,309,139             |
| 702,099          | 3,625,610    | 562,200               | 7,792,483             |
| -                | (1,449,536)  | (7,746)               | (7,435,771)           |
| 702,099          | 3,495,137    | 554,454               | 4,912,775             |
| (1,357,425)      | 437,924      | 371,893               | (1,303,824)           |
| 2,433,766        | 9,407,252    | 2,378,938             | 19,877,358            |
| \$ 1,076,341     | \$ 9,845,176 | \$ 2,750,831          | \$ 18,573,534         |

See accompanying notes.

**CITY OF SOUTH JORDAN**  
Reconciliation of The Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To The Statement of Activities  
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities  
are different because:

|  |                             |
|--|-----------------------------|
| Net Change in Fund Balance -- Total Governmental Funds   | \$ (1,303,824)              |
| Governmental funds report capital outlays as expenditures. However,<br>in the statement of activities, the cost of those assets is allocated<br>over their estimated useful lives as depreciation expense. This is the<br>amount by which capital outlays exceeded depreciation in the current<br>period.                                      | 4,490,566                   |
| The net effect of various miscellaneous transactions involving capital assets<br>(i.e., sales, trade-ins, and donations) is to decrease net assets.  | 4,191,567                   |
| Revenues in the statement of activities that do not provide current financial<br>resources are not reported as revenues in the funds.  | (334,994)                   |
| Bond proceeds and capital leases provide current financial resources to<br>governmental funds by issuing debt which increases long-term liabilities in the<br>statement of net assets. Repayments of bond and capital lease principal are<br>expenditures in the governmental funds, but reduce liabilities in the statement<br>of net assets. | 4,846,057                   |
| Some expenses reported in the statement of activities do not require the use of<br>current financial resources and, therefore, are not reported as expenditures in<br>governmental funds.  | <u>(55,556)</u>             |
| Change in net assets of governmental activities  | <u><u>\$ 11,833,816</u></u> |

*See accompanying notes.*



## **Proprietary Fund Financial Statements**

### **Water Fund**

This fund is used to account for the activities of the City's water operations.

### **Sanitation Fund**

This fund is used to account for the activities of the City's sanitation operations.

### **Mulligans**

This fund is used to account for the operation of Mulligan's Golf & Games. This City recreation facility includes golf, miniature golf, a driving range, and batting cages.

# CITY OF SOUTH JORDAN

## Statement of Net Assets

### Proprietary Funds

June 30, 2005

|   | Business-type Activities - Enterprise Funds |                     |                    |                      |
|---|---|---------------------|--------------------|----------------------|
|   | Water<br>Fund                               | Sanitation<br>Fund  | Mulligans<br>Fund  | Total                |
| <b>ASSETS</b>                                     |   |                     |                    |                      |
| <b>Current Assets</b>                             |   |                     |                    |                      |
| Cash & Cash Equivalents                           | \$ 16,389,738                               | \$ 1,479            | \$ 437,560         | \$ 16,828,777        |
| Accounts Receivable                               | 1,313,930                                   | 253,470             | -                  | 1,567,400            |
| Inventories                                       | -   | -                   | 26,718             | 26,718               |
| Other Current Assets                              | 20,582                                      | 107,193             | 1,891              | 129,666              |
| Due from Other Funds                              | -   | -                   | -                  | -                    |
| <b>Total Current Assets</b>                       | <b>17,724,250</b>                           | <b>362,142</b>      | <b>466,169</b>     | <b>18,552,561</b>    |
| <b>Noncurrent Assets</b>                          |   |                     |                    |                      |
| Restricted Cash                                   | 655,446                                     | -                   | 886,800            | 1,542,246            |
| Investment in Landfill                            | -   | 2,366,487           | -                  | 2,366,487            |
| Bond Issuance Costs                               | 608,128                                     | -                   | 331,761            | 939,889              |
| Accumulated Amortization                          | (72,606)                                    | -                   | (22,117)           | (94,723)             |
| <b>Capital Assets</b>                             |   |                     |                    |                      |
| Land  | 2,117,963                                   | -                   | 10,016,947         | 12,134,910           |
| Water Shares                                      | 17,688,682                                  | -                   | -                  | 17,688,682           |
| Buildings and Structures                          | 1,260,345                                   | -                   | 699,800            | 1,960,145            |
| Improvements - Other than Buildings               | 29,854,601                                  | -                   | 127,314            | 29,981,915           |
| Machinery and Equipment                           | 1,497,486                                   | 497,920             | 118,614            | 2,114,020            |
| Construction in Progress                          | 10,893,931                                  | -                   | -                  | 10,893,931           |
| Less Accumulated Depreciation                     | (8,463,172)                                 | (67,209)            | (89,689)           | (8,620,070)          |
| Capital Assets (Net of Accum Depreciation)        | 54,849,836                                  | 430,711             | 10,872,986         | 66,153,533           |
| <b>Total Noncurrent Assets</b>                    | <b>56,040,804</b>                           | <b>2,797,198</b>    | <b>12,069,430</b>  | <b>70,907,432</b>    |
| <b>Total Assets</b>                               | <b>73,765,054</b>                           | <b>3,159,340</b>    | <b>12,535,599</b>  | <b>89,459,993</b>    |
| <b>LIABILITIES</b>                                |   |                     |                    |                      |
| <b>Current Liabilities</b>                        |   |                     |                    |                      |
| Accounts Payable                                  | 1,093,054                                   | 128,889             | 10,803             | 1,232,746            |
| Accrued Liabilities                               | 28,985                                      | 168                 | 29,219             | 58,372               |
| Interest Payable                                  | 376,684                                     | 18,493              | 33,634             | 428,811              |
| Construction Bonds and Refunds                    | 14,622                                      | -                   | -                  | 14,622               |
| Current Portion Compensated Absences              | 19,797                                      | -                   | 6,945              | 26,742               |
| Current Portion Note Payable                      | -   | 414,173             | -                  | 414,173              |
| Current Portion Bonds Payable                     | 949,957                                     | 88,700              | 920,000            | 1,958,657            |
| Current Portion Capital Leases Payable            | 17,031                                      | 390,387             | -                  | 407,418              |
| <b>Total Current Liabilities</b>                  | <b>2,500,130</b>                            | <b>1,040,810</b>    | <b>1,000,601</b>   | <b>4,541,541</b>     |
| <b>Noncurrent Liabilities</b>                     |   |                     |                    |                      |
| Unamortized Bond Premium                          | 818,708                                     | -                   | -                  | 818,708              |
| Bonds Payable                                     | 23,845,000                                  | -                   | 11,580,000         | 35,425,000           |
| <b>Total Noncurrent Liabilities</b>               | <b>24,663,708</b>                           | <b>-</b>            | <b>11,580,000</b>  | <b>36,243,708</b>    |
| <b>Total Liabilities</b>                          | <b>27,163,838</b>                           | <b>1,040,810</b>    | <b>12,580,601</b>  | <b>40,785,249</b>    |
| <b>NET ASSETS</b>                                 |   |                     |                    |                      |
| Investment in Capital Assets, net of related debt | 42,531,183                                  | 55,389              | (1,627,014)        | 40,959,558           |
| Restricted for:                                   |   |                     |                    |                      |
| Impact Fees                                       | 2,646,847                                   | -                   | -                  | 2,646,847            |
| Debt Service                                      | 655,446                                     | -                   | 886,800            | 1,542,246            |
| Unrestricted                                      | 767,740                                     | 2,063,141           | 695,212            | 3,526,093            |
| <b>Total Net Assets</b>                           | <b>\$ 46,601,216</b>                        | <b>\$ 2,118,530</b> | <b>\$ (45,002)</b> | <b>\$ 48,674,744</b> |

See accompanying notes.

**CITY OF SOUTH JORDAN**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**

|  | Business-type Activities - Enterprise Funds |                    |                    |               |
|--|---|--------------------|--------------------|---------------|
|  | Water<br>Fund                               | Sanitation<br>Fund | Mulligan's<br>Fund | Total         |
| Operating Revenues                                   |   |                    |                    |               |
| Charges for Services                                 |   |                    |                    |               |
| Operations   | \$ -  | \$ 1,862,046       | \$ 1,074,508       | \$ 2,936,554  |
| Pledged as Security for Revenue Bonds                | 7,464,297                                   | -                  | -                  | 7,464,297     |
| Miscellaneous  | 39,459                                      | -                  | 1,891              | 41,350        |
| Total Operating Revenue                              | 7,503,756                                   | 1,862,046          | 1,076,399          | 2,977,904     |
| Operating Expenses                                   |   |                    |                    |               |
| Costs of Services                                    | 4,613,216                                   | 1,044,999          | 703,283            | 6,361,498     |
| General and Administrative                           | 606,343                                     | 147,955            | 1,374              | 755,672       |
| Depreciation   | 1,119,659                                   | 33,559             | 89,690             | 1,242,908     |
| Total Operating Expenses                             | 6,339,218                                   | 1,226,513          | 794,347            | 8,360,078     |
| Operating Income (Loss)                              | 1,164,538                                   | 635,533            | 282,052            | (5,382,174)   |
| Non-Operating Revenues (Expenses)                    |   |                    |                    |               |
| Impact Fees  | 2,057,036                                   | -                  | -                  | 2,057,036     |
| Increase in Joint Venture                            | -   | 84,994             | -                  | 84,994        |
| Interest   | 460,835                                     | 74                 | 30,360             | 491,269       |
| Gain on Sale of Fixed Assets                         | 6,440                                       | -                  | -                  | 6,440         |
| Amortization of Bond Issuance Costs                  | (30,407)                                    | -                  | (22,117)           | (52,524)      |
| Interest Expense                                     | (1,161,173)                                 | -                  | (335,297)          | (1,496,470)   |
| Total Non-Operating Revenue (Expenses)               | 1,332,731                                   | 85,068             | (327,054)          | 1,090,745     |
| Net Income (Loss) Before Contributions and Transfers | 2,497,269                                   | 720,601            | (45,002)           | 3,172,868     |
| Contributions and Transfers                          |   |                    |                    |               |
| Capital Contributions                                | 4,037,365                                   | -                  | -                  | 4,037,365     |
| Transfers Out  | (132,929)                                   | (223,783)          | -                  | (356,712)     |
| Total Contributions & Operating Transfers            | 3,904,436                                   | (223,783)          | -                  | 3,680,653     |
| Change in Net Assets                                 | 6,401,705                                   | 496,818            | (45,002)           | 6,853,521     |
| Total Net Assets - Beginning                         | 40,199,511                                  | 1,621,712          | -                  | 41,821,223    |
| Total Net Assets - Ending                            | \$ 46,601,216                               | \$ 2,118,530       | \$ (45,002)        | \$ 48,674,744 |

See accompanying notes.

# CITY OF SOUTH JORDAN

## Statement of Cash Flows

### Proprietary Funds

For The Year Ended June 30, 2005

|  | Water<br>Fund | Sanitation<br>Fund | Mulligans    | Totals        |
|--|---------------|--------------------|--------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |               |                    |              |               |
| Receipts from Customers and Users  | \$ 7,471,007  | \$ 1,854,453       | \$ 1,084,854 | \$ 10,410,314 |
| Payments to Suppliers  | (3,456,105)   | (1,098,317)        | (236,711)    | (4,791,133)   |
| Interfund Services   | (606,343)     | (147,955)          | (1,374)      | (755,672)     |
| Payments to Employees  | (788,020)     | (42,173)           | (428,432)    | (1,258,625)   |
| Net cash provided (used) by operating activities   | 2,620,539     | 566,008            | 418,337      | 3,604,884     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |               |                    |              |               |
| Advances from other funds  | 582,013       | (582,013)          | -            | -             |
| Transfers Out  | (132,929)     | (223,783)          | -            | (356,712)     |
| Net Cash Provided (Used) by Noncapital Activities  | 449,084       | (805,796)          | -            | (356,712)     |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>  |               |                    |              |               |
| Impact fees  | 2,057,036     | -                  | -            | 2,057,036     |
| Purchase of capital assets   | (8,132,992)   | -                  | (166,378)    | (8,299,370)   |
| Proceeds from sale of capital assets   | 6,440         | -                  | -            | 6,440         |
| Proceeds from capital debt   | -             | 479,088            | -            | 479,088       |
| Proceeds from capital leases   | 91,988        | -                  | -            | 91,988        |
| Payment of bond issuance costs   | -             | -                  | (18,977)     | (18,977)      |
| Principal paid on capital debt   | (850,000)     | (237,895)          | -            | (1,087,895)   |
| Interest paid on capital debt  | (1,211,506)   | -                  | (301,663)    | (1,513,169)   |
| Net cash provided (used) by capital and related financing activities                           | (8,039,034)   | 241,193            | (487,018)    | (8,284,859)   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |               |                    |              |               |
| Interest Income  | 460,835       | 74                 | 30,360       | 491,269       |
| Net increase (decrease) in cash and cash equivalents   | (4,508,576)   | 1,479              | (38,321)     | (4,545,418)   |
| Cash and cash equivalents - beginning of year  | 21,553,760    | -                  | 1,362,681    | 22,916,441    |
| Cash and cash equivalents - end of year  | \$ 17,045,184 | \$ 1,479           | \$ 1,324,360 | \$ 18,371,023 |
| Reconciliation of operating income to net cash provided (used) by operating activities:        |               |                    |              |               |
| Operating Income (Loss)  | \$ 1,164,538  | \$ 635,533         | \$ 282,052   | \$ 2,082,123  |
| Adjustments to reconcile operating income to net cash provided (Used) by operating activities: |               |                    |              |               |
| Depreciation expense   | 1,119,659     | 33,559             | 89,690       | 1,242,908     |
| (Increase) decrease in receivables   | (30,234)      | (7,593)            | (1,891)      | (39,718)      |
| (Increase) decrease in inventory   | 20,577        | -                  | 2,434        | 23,011        |
| (Increase) decrease in other current assets  | (20,582)      | (88,701)           | -            | (109,283)     |
| Increase (decrease) in accounts payable  | 362,359       | (5,390)            | 9,884        | 366,853       |
| Increase (decrease) in accrued liabilities   | (1,395)       | (962)              | 29,223       | 26,866        |
| Increase (decrease) in accrued vacation and sick leave   | 5,617         | (438)              | 6,945        | 12,124        |
| Total Adjustments  | 1,456,001     | (69,525)           | 136,285      | 1,522,761     |
| Net cash provided (used) by operating activities   | \$ 2,620,539  | \$ 566,008         | \$ 418,337   | \$ 3,604,884  |
| Noncash investing, capital, and financing activities:  |               |                    |              |               |
| Contributions of capital assets from developers  | 4,037,365     | -                  | -            | 4,037,365     |
| Increase in equity investment in Trans-Jordan Landfill   | -             | 84,994             | -            | 84,994        |

See accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS**



**SOUTH JORDAN**  
U T A H

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of South Jordan (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies FASB pronouncements issued after that date to its business-type activities and enterprise funds. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No.34, Basic Financial Statements---and Management's Discussion and Analysis---for State and Local Governments.

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

**A. Reporting Entity**

The City of South Jordan was incorporated on November 8, 1935, under laws of the State of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Manager, who also is the City's budget officer. The Finance Director is currently responsible for the financial matters of the City, including money management, accounts payable, financial statements, and accounts receivable.

The City provides the following services as mandated by law: Public Safety, Judicial Services, Highways and Streets, Sanitation, Parks, Cemetery, Water, Public Improvements, Planning and Zoning, and General Administrative Services.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) statement 14. The primary criteria for including a board or agency in this report is financial accountability which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

**Blended Component Units.**

The Municipal Building Authority was created by the City during fiscal year 1995 and is governed by the City's Mayor and Council. The authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement with the City and will be retired through lease payments from the City. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and the Redevelopment Agency are considered blended component units since the governing board in each case is the same governing board of the City.

The Municipal Building Authority is presented as a capital projects fund and the Redevelopment Agency is presented as a special revenue fund in the financial statements

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

South Jordan City Municipal Building Authority  
1600 West Town Center Drive  
South Jordan City, Utah 84095

South Jordan City Redevelopment Agency  
1600 West Town Center Drive  
South Jordan City, Utah 84095

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statements of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.



**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of the special assessments receivable due within the fiscal period is considered susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The *Redevelopment Agency Special Revenue Fund* accounts for the activities of the agency, a blended component unit of the City. The agency is an entity established to further public purpose in the redevelopment of particular City areas.

The *Municipal Building Authority Capital Projects Fund* accounts for the activities of the authority, a blended component unit of the City. The fund accounts for the construction of the capital facilities of the City.

The *Construction Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary fund).

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water operations.

The *Sanitation Fund* accounts for the activities of the City's sanitation operations.

The *Mulligan's Fund* accounts for the activities of the recreation facility.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

Additionally the government reports the following fund types:

*Special Revenue Funds* are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

*Permanent Funds* accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's program.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statement. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments consist of amounts deposited with Utah Public Treasurers' Investment Fund, treasury bills of the U.S. Government, and money market funds. Investments are stated at fair value, which approximates cost.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds".

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

**3. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted Assets**

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt services. It is the policy of the City to use restricted assets and then unrestricted assets.

**5. Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings and structures          | 30-50        |
| Improvements other than buildings | 20-50        |
| Infrastructure                    | 30-50        |
| Machinery and equipment           | 5-10         |
| Furniture and fixtures            | 5-10         |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

**6.      Compensated Absences**

City employees accrue earned vacation and sick leave throughout the year. They are allowed to carry forward into the next calendar year accrued vacation up to 240 hours and all sick leave, but are encouraged to take their vacation leave within the calendar year in which it is earned. All employees are required to take at least one full week of vacation leave during the calendar year. Upon termination of employment, an employee will be compensated for all unused vacation leave, but forfeits any accumulated sick leave.

All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**7.      Taxes**

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on all business personal property on January 1<sup>st</sup> and real estate and improvement taxes are levied on January 1<sup>st</sup> and are payable by November 30<sup>th</sup>. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by deferred revenue.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22<sup>nd</sup> each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

**8.      Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 1 – SUMMARY (CONTINUED)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

**9. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**10. Use of Estimates**

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the city as a whole.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 2 – RECONCILIATION (CONTINUED)**

|   |                       |
|---|-----------------------|
| Cost of capital assets  | \$147,051,654         |
| Accumulated depreciation  | <u>( 31,894,854)</u>  |
| Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - assets – governmental activities</i> | <u>\$ 115,156,800</u> |

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund statements. All liabilities (both current and long-term) are reported in the statement of net assets.

|  |                      |
|--|----------------------|
| Bonds payable  | \$ 31,410,000        |
| Less: Deferred charge for issuance – Costs<br>(to be amortized over life of debt)  | <u>( 756,076)</u>    |
| Plus: Bond premium (to be amortized<br>to interest income)   | 125,321              |
| Accrued interest payable   | 773,364              |
| Capital lease payable  | 2,040,852            |
| Compensated absences   | 490,660              |
| Notes Payable  | <u>2,189,966</u>     |
| Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | <u>\$ 36,274,087</u> |

Long Term Assets:

Long term assets applicable to the city's governmental activities which are not available to pay expenses of the current period are deferred in the fund statements. However in the statement of net assets, the charges were reported as revenue when earned.

|  |                     |
|--|---------------------|
| Special assessments  | \$6,740,000         |
| Delinquent property taxes  | <u>333,933</u>      |
| Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i> | <u>\$ 7,073,933</u> |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

|                      |               |
|----------------------|---------------|
| Capital outlay       | \$ 10,311,495 |
| Depreciation expense | ( 5,820,929)  |

|  |                     |
|--|---------------------|
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 4,490,566</u> |
|--|---------------------|

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.”

|   |               |
|---|---------------|
| In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the Governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. | (\$4,177,070) |
|---|---------------|

|   |                  |
|---|------------------|
| Capital assets donated by outside parties are recorded as revenues in the statement of activities thus the net assets increase by the value of the donated assets | <u>8,368,637</u> |
|---|------------------|

|  |                    |
|--|--------------------|
| Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>\$4,191,567</u> |
|--|--------------------|

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues and are deferred in the funds.”

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 2 – RECONCILIATION (CONTINUED)**

However in the statements of activities revenue is reported when earned. Thus the change is to reduce revenue by the amount of the previously reported revenue.

|                           |                    |
|---------------------------|--------------------|
| Special assessments       | (\$430,000)        |
| Delinquent property taxes | <u>95,006</u>      |
| Net adjustments           | <u>(\$334,994)</u> |

Another element of that reconciliation states "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

|                                  |                     |
|----------------------------------|---------------------|
| Capital lease                    | (\$ 826,924)        |
| Note payable – Building purchase | ( 420,000)          |
| Issuance cost amortization       | <u>( 65,561)</u>    |
| Total debt incurred              | <u>( 1,312,485)</u> |

Principal payments

|                                   |                  |
|-----------------------------------|------------------|
| Capital leases                    | 375,938          |
| Redevelopment tax increment bonds | 4,100,000        |
| Municipal Building Authority Bond | 325,000          |
| Excise tax road bond              | 265,000          |
| Sales tax revenue bond            | 360,000          |
| Special Improvement Bond          | 430,000          |
| Notes payable                     | 254,844          |
| Claims and judgments              | 40,757           |
| Bond premium amortization         | <u>7,003</u>     |
| Total principal payments          | <u>6,158,542</u> |

Net adjustments to decrease *net changes in fund balances-total*  
Governmental funds to arrive at *changes in net assets of*  
*governmental activities*

\$ 4,846,057



**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 2 – RECONCILIATION (*CONTINUED*)**

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

|  |                    |
|--|--------------------|
| Compensated absences   | (\$ 84,424)        |
| Accrued interest   | <u>28,868</u>      |
| Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | <u>(\$ 55,556)</u> |

**NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the State of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City manager, authorized under state statute to be appointed budget officer, submits a proposed operation budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given in the local newspaper at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 22<sup>nd</sup>, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1<sup>st</sup>.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City Manager, however, acting as budget officer, has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing as required in B) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts carry over to the following year and are subject to reappropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

**NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2005 the City's cash balance consisted of the following:

|  |   |
|--|---|
|  | <u>Total Cash from<br/>All Fund Types</u> |
| Cash, Cash Equivalents, and Temporary Cash Investments | \$37,825,429                              |
| Cash and Cash Equivalents – Permanent Fund             | <u>428,603</u>                            |
| Total Cash and Cash Equivalents                        | <u>\$38,254,032</u>                       |

While the City's carrying amount of deposits was \$38,254,032 the balance in the City's bank account and cash on hand was \$39,606,960, with the difference being due to outstanding checks and deposits in transit.

**A. Deposits**

Deposits – Custodial Credit Risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act in handling its depository and investing transactions. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2005, the City's custodial credit risk for deposits were as follows:

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 4 - CASH (CONTINUED)**

| Depository Account        | Custodial Credit<br>Risk          | Balance<br>June 30, 2005 |
|---------------------------|-----------------------------------|--------------------------|
| Checking and Cash on Hand | Insured                           | \$ 11,686                |
| Investment Sweep          | Uninsured and<br>Uncollateralized | 1,350,518                |
| Total Deposits            |                                   | <u>\$ 1,362,204</u>      |

**B. Investments**

The City's investments are managed through participation in the State Public Treasurers' Investment Fund and through a trust arrangement with a local bank. As of June 30, 2005 South Jordan had the following investments:

| Investments             | Investment Maturities (in Years) |           |           |                 |
|-------------------------|----------------------------------|-----------|-----------|-----------------|
|                         | Less<br>Than 1                   | 1-5       | 6-10      | More than<br>10 |
| Collateralized Money    |                                  |           |           |                 |
| Market                  | \$18,261,943                     | \$ -      | \$ -      | \$ -            |
| Utah Public Treasurer's |                                  |           |           |                 |
| Investment Fund         | 19,982,814                       |           |           |                 |
| Total Investments       | <u>\$38,244,757</u>              | <u>\$</u> | <u>\$</u> | <u>\$ -</u>     |

Investments – Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance with the Utah Money Management Act, which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk. The City follows the requirements of the Utah Money Management Act in handling its Depository and investing transactions. The City funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the City to invest in the Utah Public Treasurers Investment Fund (PTIF), certificates of Deposits, U.S. Treasury obligations, U.S. agency issues, restricted mutual funds, and obligations of governmental entities within the State of Utah. The City's investments are invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the investments. The degree of risk of the investments depends on the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 4 - CASH (Continued)**

are notified immediately. The City considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The City has no investment policy that would further limit its investment choices.

Investments Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$18,261,943 investment in a trust arrangement, the entire amount of underlying securities are held by the Investment's counterparty, not in the City's name and are not insured. The City's investment arrangements primarily invest in Utah State Treasurers investment pool, obligations of the United States Treasury, agencies, or instrumentalities of the United States that meet the allowable investments of the Utah Money Management Act. The City does not have an investment policy for custodial credit risk.

**NOTE 5 - RECEIVABLES**

Receivables as of year end for the government's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|   | General             | Debt<br>Service    | RDA                | MBA         | Construction      | Water              | Sanitation        | Mulligans   | Nonmajor<br>Governmental | Total               |
|---|---------------------|--------------------|--------------------|-------------|-------------------|--------------------|-------------------|-------------|--------------------------|---------------------|
| Receivables:                                    |                     |                    |                    |             |                   |                    |                   |             |                          |                     |
| Accounts  | \$ 28,820           | \$ -               | \$ -               | \$ -        | \$ -              | \$ 1,333,939       | \$ 257,330        |             | \$ 83,219                | \$ 1,703,308        |
| Property Tax                                    | 4,145,662           |                    | 2,761,987          |             |                   |                    |                   |             |                          | 6,907,649           |
| Other Taxes                                     | 1,010,696           |                    |                    |             |                   |                    |                   |             |                          | 1,010,696           |
| Special   |                     |                    |                    |             |                   |                    |                   |             |                          |                     |
| Assessments                                     |                     | 6,740,000          |                    |             |                   |                    |                   |             |                          | 6,740,000           |
| Intergovernmental                               | 321,009             |                    |                    |             | 113,991           |                    |                   |             | 22,639                   | 457,639             |
| Less Allowance<br>For uncollectible<br>Accounts |                     |                    |                    |             |                   | (20,009)           | (3,860)           |             | (1,248)                  | (25,117)            |
|   | <u>\$ 5,506,187</u> | <u>\$6,740,000</u> | <u>\$2,761,987</u> | <u>\$ -</u> | <u>\$ 113,991</u> | <u>\$1,313,930</u> | <u>\$ 253,470</u> | <u>\$ -</u> | <u>\$ 104,610</u>        | <u>\$16,794,175</u> |

**NOTE 6 - NOTES RECEIVABLE**

During the year the City purchased then sold a piece of land for \$94,475, financed by a \$90,000 note. The note carries no interest and will be due when the planned development is completed.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from other funds:

| <u>Receivable fund</u> | <u>Payable Fund</u>        | <u>Amount</u> |
|------------------------|----------------------------|---------------|
| General                | Nonmajor governmental fund | \$ 667        |

Interfund balances are created to support temporary cash deficiencies in the applicable funds.

**Interfund Transfers:**

|                    | Transfer Out       |                     |                     |                    |                          |                      |                    |
|--------------------|--------------------|---------------------|---------------------|--------------------|--------------------------|----------------------|--------------------|
|                    | <u>General</u>     | <u>Debt Service</u> | <u>Construction</u> | <u>RDA</u>         | <u>Nonmajor Govmmtl.</u> | <u>Business Type</u> | <u>Total</u>       |
| Transfer In:       |                    |                     |                     |                    |                          |                      |                    |
| General            | \$ -               | \$ -                | \$ -                | \$ 50,000          | \$ 7,746                 | \$152,513            | \$ 210,259         |
| Debt Service       | 650,091            |                     | 1,097,437           |                    |                          | 189,787              | 1,937,315          |
| MBA                |                    |                     | 352,099             | 350,000            |                          |                      | 702,099            |
| Construction       | 2,587,198          |                     |                     | 1,024,000          |                          | 14,412               | 3,625,610          |
| Nonmajor Govtl.    | 562,200            |                     |                     |                    |                          |                      | 562,200            |
| RDA                | 755,000            |                     |                     |                    |                          |                      | 755,000            |
| Business Type      |                    |                     |                     |                    |                          |                      |                    |
| Total Transfer Out | <u>\$4,554,489</u> | <u>\$ -</u>         | <u>\$1,449,536</u>  | <u>\$1,424,000</u> | <u>\$ 7,746</u>          | <u>\$356,712</u>     | <u>\$7,792,483</u> |

The City transferred monies between funds to support debt service payments in the debt service fund. Also, the City transferred monies to support related capital expenditures in the construction fund.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

|  | <u>Unavailable</u> | <u>Unearned</u>    |
|--|--------------------|--------------------|
| Property taxes receivable (general fund)               | -                  | \$ 3,653,259       |
| Delinquent Property Taxes (general fund)               | 333,933            | -                  |
| Property taxes receivable (redevelopment agency)       | -                  | 2,761,987          |
| Special assessments not yet due (debt service fund)    | 6,740,000          | -                  |
| Total deferred/unearned revenue for governmental funds | <u>\$7,073,933</u> | <u>\$6,415,246</u> |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2002 was as follows:

| <b>Primary Government</b>                           | <b>Beginning</b>      |                      |                     | <b>Ending</b>         |
|---|-----------------------|----------------------|---------------------|-----------------------|
| <b>Governmental activities:</b>                     | <b>Balance</b>        | <b>Increases</b>     | <b>Decreases</b>    | <b>Balance</b>        |
| <b>Capital assets not being depreciated:</b>        |                       |                      |                     |                       |
| Land  | \$ 11,984,229         | \$ 282,716           | \$ 4,167,322        | \$ 8,099,623          |
| Construction in progress                            | 6,578,651             | 2,130,151            | 5,051,987           | 3,656,815             |
| <b>Total capital assets not being depreciated</b>   | <b>18,562,880</b>     | <b>2,412,867</b>     | <b>9,219,309</b>    | <b>11,756,438</b>     |
| <b>Capital assets being depreciated:</b>            |                       |                      |                     |                       |
| Buildings   | 10,621,727            | 8,425,895            | -                   | 19,047,622            |
| Machinery and equipment                             | 7,141,736             | 1,403,628            | 138,425             | 8,406,939             |
| Improvements  | 96,350,931            | 11,489,724           | -                   | 107,840,655           |
| <b>Total capital assets being depreciated</b>       | <b>114,114,394</b>    | <b>21,319,247</b>    | <b>138,425</b>      | <b>135,295,216</b>    |
| <b>Less accumulated depreciation for:</b>           |                       |                      |                     |                       |
| Buildings   | 544,820               | 1,294,222            | -                   | 1,839,042             |
| Improvements  | 22,018,802            | 3,529,228            | -                   | 25,548,030            |
| Machinery and equipment                             | 3,638,981             | 997,479              | 128,678             | 4,507,782             |
| <b>Total accumulated depreciation</b>               | <b>26,202,603</b>     | <b>5,820,929</b>     | <b>128,678</b>      | <b>31,894,854</b>     |
| <b>Total capital assets, being depreciated, net</b> | <b>87,911,791</b>     | <b>15,498,318</b>    | <b>9,747</b>        | <b>103,400,362</b>    |
| <b>Governmental activities capital assets, net</b>  | <b>\$ 106,474,671</b> | <b>\$ 17,911,185</b> | <b>\$ 9,229,056</b> | <b>\$ 115,156,800</b> |
|   | <b>Beginning</b>      |                      |                     | <b>Ending</b>         |
| <b>Business-type activities:</b>                    | <b>Balance</b>        | <b>Increases</b>     | <b>Decreases</b>    | <b>Balance</b>        |
| <b>Capital assets not being depreciated:</b>        |                       |                      |                     |                       |
| Land  | \$ 12,112,250         | \$ 22,660            | \$ -                | \$ 12,134,910         |
| Construction in progress                            | 4,213,434             | 7,898,682            | 1,218,185           | 10,893,931            |
| Water Shares  | 17,116,231            | 572,451              | -                   | 17,688,682            |
| <b>Total capital assets not being depreciated</b>   | <b>33,441,915</b>     | <b>8,493,793</b>     | <b>1,218,185</b>    | <b>40,717,523</b>     |
| <b>Capital assets being depreciated:</b>            |                       |                      |                     |                       |
| Buildings   | 1,960,145             | -                    | -                   | 1,960,145             |
| Improvements  | 25,088,402            | 4,893,513            | -                   | 29,981,915            |
| Machinery and equipment                             | 1,975,631             | 167,614              | 29,225              | 2,114,020             |
| <b>Total capital assets being depreciated</b>       | <b>29,024,178</b>     | <b>5,061,127</b>     | <b>29,225</b>       | <b>34,056,080</b>     |
| <b>Less accumulated depreciation for:</b>           |                       |                      |                     |                       |
| Buildings   | 238,374               | 79,929               | -                   | 318,303               |
| Improvements  | 6,192,673             | 975,267              | -                   | 7,167,940             |
| Machinery and equipment                             | 975,341               | 187,711              | 29,225              | 1,133,827             |
| <b>Total accumulated depreciation</b>               | <b>7,406,388</b>      | <b>1,242,907</b>     | <b>29,225</b>       | <b>8,620,070</b>      |
| <b>Total capital assets, being depreciated, net</b> | <b>21,617,790</b>     | <b>3,818,220</b>     | <b>-</b>            | <b>25,436,010</b>     |
| <b>Business-type activities capital assets, net</b> | <b>\$ 55,059,705</b>  | <b>\$ 12,312,013</b> | <b>\$ 1,218,185</b> | <b>\$ 66,153,533</b>  |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 8 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                    |
|---|--------------------|
| Governmental activities:                              |                    |
| General government                                    | \$ 985,528         |
| Public safety   | 313,693            |
| Public Works  | 3,586,566          |
| Parks   | <u>935,142</u>     |
| Total depreciation expense – governmental activities  | <u>\$5,820,929</u> |
| Business – type activities:                           |                    |
| Water   | \$1,119,659        |
| Mulligans   | 89,690             |
| Sanitation  | <u>33,559</u>      |
| Total depreciation expense – business-type activities | <u>\$1,242,908</u> |

**Construction commitments**

The government has various construction projects as of June 30, 2005. The government's commitments with contractors are as follows:

| <u>Project</u>                | <u>Remaining<br/>Commitment</u> |
|-------------------------------|---------------------------------|
| Various Park Projects         | \$ 550,011                      |
| Recreation Center             | 170,734                         |
| City Museum                   | 259,198                         |
| City Hall Improvements        | 22,150                          |
| Ice Skating Rink Construction | 573,817                         |
| City Library                  | <u>114,228</u>                  |
| Total                         | <u>\$ 1,690,138</u>             |

**NOTE 9 - LEASE COMMITMENTS**

The City during 2002 executed a new lease in the amount of \$1,428,000 payable in annual installments for 5 years. During 2003, the City executed a new lease in the amount of \$567,577 payable in annual installments over 10 years. Also during 2003, the City executed a new lease in the amount of \$291,586 payable in annual installments over 6 years.

The City during 2005 executed a new lease in the amount of \$1,398,000 payable in annual installments for 5 years.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 9 - LEASE COMMITMENTS (CONTINUED)**

The assets acquired through capital leases are as follows:

|                                | <u>Governmental<br/>Activities</u> |
|--------------------------------|------------------------------------|
| Asset:                         |                                    |
| Machinery and Equipment        | \$3,323,036                        |
| Less: Accumulated Depreciation | <u>(1,129,736)</u>                 |
| Total                          | <u>\$2,193,300</u>                 |

Amortization of capital assets purchased under capital leases are included in depreciation.

The present value of future minimum capital lease payments under these leases as of June 30, 2005 are:

| <u>Fiscal Year</u>                      | <u>Amount</u>       |
|---|---------------------|
| 2006                                    | \$ 760,600          |
| 2007                                    | 760,600             |
| 2008                                    | 437,261             |
| 2009                                    | 437,261             |
| 2010                                    | 384,367             |
| 2011-2012                               | <u>143,144</u>      |
| Total Minimum lease payments            | \$ 2,923,233        |
| Less amounts representing interest      | <u>(311,305)</u>    |
| Present value of minimum lease payments | <u>\$ 2,611,928</u> |

At June 30, 2005 the City's capital leases payable balance consisted of the following

|                                       | <u>Total Capital Leases Payable<br/>All Fund Types</u> |
|---------------------------------------|--|
| Capital Leases Payable                | \$ 2,611,928   |
| Current Portion Capital Lease Payable | <u>(651,443)</u>                                       |
| Long Term Capital Leases Payable      | <u>\$ 1,960,485</u>                                    |



**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 10 - LONG-TERM DEBT**

Bonds and notes payable at June 30, 2005, are comprised of the following:

**Sales Tax Revenue Bond:**

\$15,000,000 Sales Tax Revenue Bond due in annual principal  
and semi-annual interest payments through August, 2026 -  
Interest is at varying rates from 3.50 to 5.20% \$ 13,725,000

**2002 Lease Revenue Bond:**

\$9,390,000 Revenue Series Bond due in annual principal and  
semi-annual interest payments through September of 2023 -  
Interest is at a varying rate from 2.50% to 4.00% 9,065,000

**Excise Tax Road Bond:**

\$2,865,000 Excise Tax Road Bonds due in annual principal  
and semi-annual interest payments through November 2010 -  
Interest is at a varying rate from 4.90 to 5.00% 1,880,000

**Water Revenue Bonds:**

\$3,400,000 Water Revenue Bonds due in annual principal and  
semi-annual interest payments through November 2020 -  
interest is at a varying rate from 4.40 to 5.50% 2,970,000

**2002 Special Assessment Bond:**

\$7,470,000 Special Assessment Bond due in annual principal  
and interest payments through November 2017 -  
Interest is at a varying rate from 5.50% to 6.875% 6,740,000

**2004 Municipal Authority Bond:**

\$12,500,000 Municipal Authority Bond due in annual  
principal and monthly interest payments - February 2020 -  
interest at a variable monthly rate - current rate is 1.79% 12,500,000

**2003 Water Revenue Bonds:**

\$22,480,000 Water Revenue Bonds due in annual principal  
and semi-annual interest payments through March 2024 -  
interest at a varying rate from 3.00% to 5.00% 21,750,000

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 10 – LONG-TERM DEBT (CONTINUED)**

|   |                            |
|---|----------------------------|
| Note payable (Related Party – Trans-Jordan):<br>\$1,900,000 non-interest bearing note payable in monthly installments through September 2005 - monthly payment calculated at the difference between the old landfill tipping fees and the lower member landfill tipping fees        | 414,173                    |
| Zions Line of Credit:<br>\$1,500,000 Line of Credit with semi-annual principal and interest payments through December 2012 – interest at a varying rate set at 75% of prime – current rate is 3.56%   | 1,319,206                  |
| Note Payable:<br>\$380,652 Note Payable on land purchase with annual principal and interest payments through April 2009 – interest rate of 5%   | 311,764                    |
| Note Payable:<br>\$420,000 Note Payable on a building purchase with annual principal and interest payments through August 2014 – interest rate of 5%  | 386,608                    |
| Note payable:<br>\$273,294 note payable to URMMA. This payable is a result of insurance claims against the City. The additions reflect new insurance claims. The deductions represent payments made to URMMA. Payable over five years - due quarterly – This note bears no interest | <u>172,387</u>             |
| Total Bonds and Notes (All Funds)   | <u><u>\$71,234,137</u></u> |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 10 – LONG-TERM DEBT (CONTINUED)**

The future annual requirements for all outstanding bond and note obligations as of June 30, 2005 are as follows:

| Fiscal Year | All Bonds and Notes  |                      |                       |
|-------------|----------------------|----------------------|-----------------------|
|             | Principal            | Interest             | Total                 |
| 2006        | \$ 3,203,958         | \$ 3,119,762         | \$ 6,323,720          |
| 2007        | 2,848,692            | 3,018,337            | 5,867,030             |
| 2008        | 2,957,625            | 2,909,472            | 5,867,097             |
| 2009        | 3,092,280            | 2,794,397            | 5,886,677             |
| 2010        | 3,149,774            | 2,664,229            | 5,814,003             |
| 2011-2015   | 15,956,808           | 11,224,546           | 27,181,354            |
| 2016-2020   | 17,715,000           | 7,067,559            | 24,782,559            |
| 2021-2025   | 16,475,000           | 2,710,338            | 19,185,338            |
| 2026-2030   | 5,835,000            | 318,199              | 6,153,199             |
| Total       | <u>\$ 71,234,138</u> | <u>\$ 35,826,840</u> | <u>\$ 107,060,978</u> |

**Changes in Long Term Debt**

|                                       | July 1<br>2004       | Additions           | Reductions          | June 30<br>2005      | Due in<br>One Yr    |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| <b>Governmental Activities:</b>       |                      |                     |                     |                      |                     |
| Bonds Payable:                        |                      |                     |                     |                      |                     |
| Excise tax road bonds                 | \$ 2,145,000         | \$ -                | \$ 265,000          | \$ 1,880,000         | \$ 280,000          |
| Sales tax revenue bond                | 14,085,000           | -                   | 360,000             | 13,725,000           | 370,000             |
| Redevelopment Increment bond          | 4,100,000            | -                   | 4,100,000           | -                    | -                   |
| 2002 Lease revenue bond               | 9,390,000            | -                   | 325,000             | 9,065,000            | 335,000             |
| Special Assessment bond               | 7,170,000            | -                   | 430,000             | 6,740,000            | 265,000             |
| Line of Credit                        | 1,471,770            | -                   | 152,564             | 1,319,206            | 70,017              |
| Notes payable                         | 380,652              | -                   | 68,888              | 311,764              | 72,333              |
| Notes payable                         | -                    | 420,000             | 33,392              | 386,608              | 35,062              |
| Capital leases                        | 1,589,866            | 826,924             | 375,939             | 2,040,850            | 545,711             |
| Compensated absences                  | 406,239              | 459,604             | 375,183             | 490,660              | 490,660             |
| Claims and judgments                  | 213,145              | 5,436               | 46,193              | 172,389              | 172,388             |
| Gov't Activities long-term debt       | <u>\$ 40,951,672</u> | <u>\$ 1,711,964</u> | <u>\$ 6,532,159</u> | <u>\$ 36,131,477</u> | <u>\$ 2,636,171</u> |
| <b>Business Type Activities:</b>      |                      |                     |                     |                      |                     |
| Bonds Payable:                        |                      |                     |                     |                      |                     |
| 2003 Water revenue bond               | \$ 22,480,000        | \$ -                | \$ 730,000          | \$ 21,750,000        | \$ 750,000          |
| Water revenue bond                    | 3,090,000            | -                   | 120,000             | 2,970,000            | 125,000             |
| Municipal building bond               | 12,500,000           | -                   | -                   | 12,500,000           | 920,000             |
| Notes payable - Trans-Jordan Landfill | 652,068              | -                   | 237,896             | 414,173              | 414,173             |
| Capital leases                        | -                    | 571,076             | -                   | 571,076              | 105,731             |
| Compensated absences                  | 14,618               | 46,451              | 34,327              | 26,740               | 26,742              |
| Gov't Activities long-term debt       | <u>\$ 38,736,686</u> | <u>\$ 617,527</u>   | <u>\$ 1,122,223</u> | <u>\$ 38,231,989</u> | <u>\$ 2,341,646</u> |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 11 - RETIREMENT PLAN**

Plan Description. The City of South Jordan contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and Fire Fighters Retirement System which are for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System, and Fire Fighters Retirement System which are for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Contributory Retirement system are required to contribute 6.0% of their annual covered salary (all or part may be paid by the employer for the employee) and the City is required to contribute 5.00% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the City is required to contribute 4.38% of their annual salary. In the Fire Fighters coverage plan, members are required to contribute 8.61% of their annual covered salary (all or part may be paid by the employer for the employee). The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004 and 2003 were \$653,231, \$460,324, and \$371,557 respectively. The contributions were equal to the required contributions for each year.

For the Public Safety Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$195,739, \$153,236, and \$133,892 respectively and for the Fire Fighters Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$112,356, \$103,868, and \$100,459 respectively. The contributions were equal to the required contributions for each year.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

*Litigation* - The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material affect on the City's financial statements.

**NOTE 13 - RESERVED FUND BALANCES**

The City has reserved fund balance amounts for inventory, prepaid expenses, unspent grant proceeds, and providing perpetual maintenance care for the cemetery. The City has reserved net assets in the Water Fund and fund balance in the Capital Projects Fund for unspent impact fees. These fees will be used to construct appropriate projects as designated by the impact fee ordinance. The City has reserved net assets in the Water Fund and fund balance in the Debt Service fund for the Debt Service requirement of the bonds acquired. The City has also reserved fund balance in the Capital Projects fund for long term receivables.

**NOTE 14 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Utah Risk Management Mutual Association (a public entity risk pool). All claims are submitted to the Utah Risk Management Mutual Association which acts as a commercial insurer. The Association is obligated to pay all claims covered by its plan. All claims are subject to a \$5,000 deductible. The deductible is accrued as a current liability when the claim is incurred. The Utah Risk Management Mutual Association covers claims up to \$10,000,000. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

**NOTE 15 - REDEVELOPMENT AGENCY**

The Redevelopment Agency of South Jordan City is established to further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2005, the following activity occurred in the City's Redevelopment Agency:

|   |             |
|---|-------------|
| Tax increment collection from other taxing agencies for various project areas | \$2,446,643 |
| Tax increment paid to other taxing agencies                                   | 581,406     |
| Outstanding loans to finance RDA projects                                     | 698,372     |
| Amounts expended for site improvements and preparation costs                  | 265,419     |

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

**NOTE 15 - REDEVELOPMENT AGENCY (CONTINUED)**

|   |         |
|---|---------|
| Amounts expended for installation of public utilities and other public improvements | 350,595 |
| Amounts expended for administrative costs   | 293,876 |

**NOTE 16 - EQUITY IN JOINT VENTURE**

**Trans - Jordan Cities**

City of South Jordan joined in a joint venture with several other municipalities to create the Trans-Jordan Cities Landfill (Trans-Jordan). Trans-Jordan was created for the purpose of operating and maintaining a landfill for the benefit of member municipalities. The City uses the equity method to account for its investment in the association.

**A. Ownership**

In accordance with the Utah Inter-local Cooperation Act (which created Trans-Jordan), all assets revert to the participating cities upon dissolution. Participant's share of these assets are based on each participating City's payment of usage fees and charges in proportion to fees paid by all participating cities for the preceding ten fiscal years. Member's participating interests are adjusted according to the above formula annually. As of June 30, 2005, these percentages are as follows:

| <u>Participating Cities</u> | <u>Fees &amp; Charges For<br/>Ten Preceding Years</u> | <u>Percent</u> |
|-----------------------------|---|----------------|
| Midvale City, Utah          | \$ 895,055  | 6.02%          |
| Murray City, Utah           | 1,446,329   | 9.72%          |
| Sandy City, Utah            | 5,097,285   | 34.27%         |
| South Jordan City, Utah     | 984,766   | 6.62%          |
| West Jordan City, Utah      | 1,417,295   | 9.53%          |
| Draper City, Utah           | 3,933,969   | 26.45%         |
| Riverton City, Utah         | 1,098,988   | 7.39%          |
| Total                       | <u>\$ 14,873,687</u>                                  | <u>100.00%</u> |

- B.** Trans-Jordan's Board of Directors governs the operations of Trans-Jordan through management employed by the Board. Since Trans-Jordan is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.

**CITY OF SOUTH JORDAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

C.

|                                      | <u>Trans-Jordan<br/>Cities</u> | <u>South Jordan<br/>City's Share</u> |
|--------------------------------------|--------------------------------|--------------------------------------|
| Total Assets                         | \$ 19,078,472                  | \$ 1,818,178                         |
| Total Liabilities                    | \$ 3,990,222                   | \$ 380,268                           |
| Total Equity                         | \$ 15,088,250                  | \$ 1,437,910                         |
| Total Operating Revenues             | 5,471,434                      | 521,428                              |
| Total Operating Expenses             | 5,164,534                      | 492,180                              |
| Net Operating Income                 | 306,900                        | 29,248                               |
| Total Non-operating Income (Expense) | 584,958                        | 55,746                               |
| Net Income                           | \$ 891,858                     | \$ 84,994                            |

D. The joint venture has the following long-term debt:

|                                    | <u>Total<br/>Amount</u> | <u>South Jordan<br/>City' s Share</u> |
|------------------------------------|-------------------------|---------------------------------------|
| Closure and Post-closure Liability | <u>\$3,664,679</u>      | <u>\$349,244</u>                      |

E. Audited financial statements for Trans-Jordan Cities are available at the Trans-Jordan office.

Trans-Jordan Cities  
10873 South 7200 West  
South Jordan, UT 84095

F. At year end the City of South Jordan had a related party note payable to Trans-Jordan in the amount of \$414,173 (see Note 10). The note applied to the original purchase of the investment in South Jordan. In accordance with the agreement between South Jordan and the participating cities, the balance of the note unpaid as of September 2005 will be discharged by South Jordan.

**NOTE 17 – EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures in the redevelopment agency exceeded appropriations by \$1,090,711. Revenue in sale of capital assets budget was exceeded by \$1,337,000.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**



**SOUTH JORDAN**  
U T A H

# CITY OF SOUTH JORDAN

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance -

#### Budget and Actual

For the Year Ended June 30, 2005

|                                   | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                   |                    |                 |                   |  |
| <b>Taxes</b>                      |                    |                 |                   |  |
| Property Tax - Current            | \$ 2,760,000       | \$ 2,820,000    | \$ 2,980,914      | \$ 160,914   |
| Property Tax - Delinquent         | 110,000            | 110,000         | 165,007           | 55,007   |
| Motor Vehicle Tax                 | 375,000            | 375,000         | 365,481           | (9,519)  |
| Sales & Use Tax                   | 3,420,000          | 3,420,000       | 3,658,972         | 238,972  |
| Telecommunication Fee             | 395,000            | 585,000         | 565,185           | (19,815)   |
| Penalties & Interest              | 7,500              | 7,500           | 8,593             | 1,093  |
| Energy Sales & Use Tax            | 1,240,000          | 1,340,000       | 1,431,090         | 91,090   |
| Total Taxes                       | 8,307,500          | 8,657,500       | 9,175,242         | 517,742  |
| <b>Licenses &amp; Permits</b>     |                    |                 |                   |  |
| Building Permits                  | 1,460,975          | 2,328,277       | 2,727,066         | 398,789  |
| Business Licenses                 | 87,550             | 87,550          | 90,951            | 3,401  |
| Solid Waste License Fee           | 11,330             | 11,330          | 43,523            | 32,193   |
| Innkeeper Fee                     | 25,200             | 25,200          | 35,045            | 9,845  |
| Miscellaneous                     | 35,535             | 35,535          | 52,073            | 16,538   |
| Total Licenses & Permits          | 1,620,590          | 2,487,892       | 2,948,658         | 460,766  |
| <b>Intergovernmental Revenues</b> |                    |                 |                   |  |
| Federal Grants                    | 246,734            | 394,214         | 359,006           | (35,208)   |
| State Grants                      | 40,775             | 295,875         | 328,091           | 32,216   |
| Class "C" Road Allotment          | 1,180,000          | 1,180,000       | 1,415,026         | 235,026  |
| Liquor Fund Allotment             | 10,000             | 10,000          | 22,758            | 12,758   |
| Total Intergovernmental           | 1,477,509          | 1,880,089       | 2,124,881         | 244,792  |
| <b>Charges for Services</b>       |                    |                 |                   |  |
| Ambulance Fees                    | 375,000            | 375,000         | 364,660           | (10,340)   |
| Engineering Fees                  | 230,800            | 230,800         | 304,468           | 73,668   |
| Plan Check Fees                   | 809,400            | 1,283,776       | 1,559,308         | 275,532  |
| Zoning & Subdivision Fees         | 136,300            | 136,300         | 161,945           | 25,645   |
| Other Services                    | 1,129,493          | 1,083,826       | 1,269,701         | 185,875  |
| Total Charges for Services        | 2,680,993          | 3,109,702       | 3,660,082         | 550,380  |
| <b>Fines and Forfeitures</b>      |                    |                 |                   |  |
|                                   | 1,187,000          | 1,187,000       | 1,189,595         | 2,595  |
| <b>Misc Revenue</b>               |                    |                 |                   |  |
| Investment Earnings               | 25,000             | 188,402         | 250,460           | 62,058   |
| Sundry Revenue                    | 46,000             | 79,685          | 112,243           | 32,558   |
| Total Misc Revenue                | 71,000             | 268,087         | 362,703           | 94,616   |
| Total Revenue                     | 15,344,592         | 17,590,270      | 19,461,161        | 1,870,890  |

See accompanying notes.

# CITY OF SOUTH JORDAN

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance -

#### Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| General Government                                   |                    |                 |                   |  |
| General Administration                               | \$ 2,116,037       | \$ 1,918,024    | \$ 1,800,584      | \$ 117,440   |
| Administrative Services                              | 1,092,299          | 1,311,120       | 1,276,749         | 34,371   |
| Legal  | -                  | 204,711         | 204,027           | 684  |
| Finance  | 297,630            | 287,432         | 283,548           | 3,884  |
| Total General Government                             | 3,505,966          | 3,721,287       | 3,564,908         | 156,379  |
| Public Safety  |                    |                 |                   |  |
| Administration                                       | 810,184            | 1,097,751       | 1,020,844         | 76,907   |
| Police   | 2,695,379          | 2,747,429       | 2,621,298         | 126,131  |
| Fire   | 2,320,569          | 2,452,030       | 2,444,267         | 7,763  |
| Ordinance Enforcement                                | -                  | 245,436         | 235,770           | 9,666  |
| Municipal Court                                      | 304,984            | 307,041         | 297,630           | 9,411  |
| Total Public Safety                                  | 6,131,116          | 6,849,687       | 6,619,809         | 229,878  |
| Public Works   |                    |                 |                   |  |
| Administration                                       | 1,044,734          | 1,179,388       | 1,164,742         | 14,646   |
| Streets and Roads                                    | 1,425,354          | 834,433         | 742,632           | 91,801   |
| Facility Maintenance                                 | 482,580            | 410,298         | 404,529           | 5,769  |
| Total Public Works                                   | 2,952,668          | 2,424,119       | 2,311,903         | 112,216  |
| Development Services                                 |                    |                 |                   |  |
| Community Development                                | 1,717,013          | 1,372,232       | 1,354,992         | 17,240   |
| Parks & Recreation                                   | 667,554            | 1,403,516       | 1,298,475         | 105,041  |
| Total Development Services                           | 2,384,567          | 2,775,748       | 2,653,467         | 122,281  |
| Total Expenditures                                   | 14,974,317         | 15,770,841      | 15,150,087        | 620,754  |
| Excess (Deficiency) of revenues<br>Over Expenditures | 370,275            | 1,819,429       | 4,311,074         | 2,491,645  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Operating Transfers In                               | 158,000            | 208,730         | 210,259           | 1,529  |
| Operating Transfers Out                              | (434,015)          | (3,451,888)     | (4,554,489)       | (1,102,601)  |
| Total Other Financing Sources (Uses)                 | (276,015)          | (3,243,158)     | (4,344,230)       | (1,101,072)  |
| Net Change in Fund Balance                           | 94,260             | (1,423,729)     | (33,156)          | 1,390,573  |
| Fund Balance - July 1                                | 3,430,196          | 3,430,196       | 3,430,196         | -  |
| Fund Balance - June 30                               | \$ 3,524,456       | \$ 2,006,467    | \$ 3,397,040      | \$ 1,390,573   |

See accompanying notes.

**CITY OF SOUTH JORDAN**  
Redevelopment Agency Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Taxes  | \$ 2,183,000       | \$ 2,304,630    | \$ 2,446,643      | \$ 142,013   |
| Interest   | -                  | -               | 312               | 312  |
| Miscellaneous  | 197,000            | 160,500         | 38,602            | (121,898)  |
| Total Revenue  | 2,380,000          | 2,465,130       | 2,485,557         | 20,427   |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| General Government                                   | 292,266            | 311,239         | 293,876           | 17,363   |
| Capital Outlay & Projects                            | 688,000            | 372,819         | 616,014           | (243,195)  |
| Tax Increment Distributions                          | 721,084            | 671,084         | 581,406           | 89,678   |
| Debt Service   |                    |                 |                   |  |
| Principal Retirement                                 | -                  | 3,042,681       | 4,133,392         | (1,090,711)  |
| Interest and Fees                                    | 328,650            | 331,910         | 195,756           | 136,154  |
| Total Expenditures                                   | 2,030,000          | 4,729,733       | 5,820,444         | (1,090,711)  |
| Excess (Deficiency) of revenues<br>Over Expenditures | 350,000            | (2,264,603)     | (3,334,887)       | (1,070,284)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Sale of Capital Assets                               | -                  | 1,900,000       | 3,237,000         | 1,337,000  |
| Operating Transfers In                               | -                  | 755,000         | 755,000           | -  |
| Operating Transfers Out                              | (1,130,000)        | (1,424,000)     | (1,424,000)       | -  |
| Total Other Financing Sources (Uses)                 | (1,130,000)        | 1,231,000       | 2,568,000         | 1,337,000  |
| Net Change in Fund Balance                           | (780,000)          | (1,033,603)     | (766,887)         | 266,716  |
| Fund Balance - July 1                                | 1,033,603          | 1,033,603       | 1,033,603         | -  |
| Fund Balance - June 30                               | \$ 253,603         | \$ -            | \$ 266,716        | \$ 266,716   |

*See accompanying notes.*

**SUPPLEMENTARY INFORMATION**



**SOUTH JORDAN**  
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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The Special Revenue Funds of the City are as follows:

---

- 1) **Glenmoor Special Services District** - This fund is used to account for the activities of the Special Services District. The District is an entity established to provide and maintain recreation services and facilities for City citizens residing within the District.
- 2) **Historical Preservation** - This fund is used to account for activities associated with printing and distribution of a historical publication of the City.
- 3) **Parkway Care** - This fund is used to account for funds set aside for expenditures related to special roadside improvements in selected areas of the City.
- 4) **Street Lighting** - This fund is used to track revenue from a monthly fee paid by City residents for maintenance and installation of City street lights.
- 5) **Storm Drain** - This fund is used to track revenue from a monthly fee paid by City residents for the maintenance of the City's storm drain system.
- 6) **Recreation Programs** - This fund is used to track revenue and expenditures dealing with the City's sports and recreation programs.
- 7) **CDBG Fund** - This fund is used to account for the revenues received by the City as a grantee participant in the Community Development Grant Program.
- 8) **Workers Compensation Fund** - This fund is used to account for revenues transferred and accumulated to pay future workers compensation claims.
- 9) **Recreation Center Fund** - This fund is used to account for fees charged to users and expenditures dealing with maintenance of the facility.

### Permanent Fund

---

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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- 1) **Cemetery Perpetual Care Fund** - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**CITY OF SOUTH JORDAN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**

|  | Special Revenue  |                  |                     |                  |                  |
|--|------------------|------------------|---------------------|------------------|------------------|
|  | Glenmoor         | Historical       | Parkway Care        | Street Lighting  | Storm Drain      |
| <b>ASSETS</b>                            |                  |                  |                     |                  |                  |
| Cash & Cash Equivalents                  | \$ 80,464        | \$ 24,887        | \$ 1,819,996        | \$ 26,189        | \$ 46,522        |
| Receivables                              |                  |                  |                     |                  |                  |
| Accounts Receivable                      | -                | -                | -                   | 45,156           | 36,815           |
| Other Receivables                        | -                | -                | -                   | -                | -                |
| Total Assets                             | <u>\$ 80,464</u> | <u>\$ 24,887</u> | <u>\$ 1,819,996</u> | <u>\$ 71,345</u> | <u>\$ 83,337</u> |
| <b>LIABILITIES AND FUND BALANCES</b>     |                  |                  |                     |                  |                  |
| <b>LIABILITIES</b>                       |                  |                  |                     |                  |                  |
| Accounts payable and Accrued Liabilities | \$ 29,364        | \$ 4             | \$ -                | \$ 24            | \$ 8,437         |
| Due to Other Funds                       | -                | -                | -                   | -                | -                |
| Total Liabilities                        | <u>29,364</u>    | <u>4</u>         | <u>-</u>            | <u>24</u>        | <u>8,437</u>     |
| <b>FUND BALANCES</b>                     |                  |                  |                     |                  |                  |
| Reserved for Perpetual Care              | -                | -                | -                   | -                | -                |
| Unreserved Fund Balance                  | 51,100           | 24,883           | 1,819,996           | 71,321           | 74,900           |
| Total Fund Balances                      | <u>51,100</u>    | <u>24,883</u>    | <u>1,819,996</u>    | <u>71,321</u>    | <u>74,900</u>    |
| Total Liabilities and Fund Balances      | <u>\$ 80,464</u> | <u>\$ 24,887</u> | <u>\$ 1,819,996</u> | <u>\$ 71,345</u> | <u>\$ 83,337</u> |



| Special Revenue  |                  |                  |                   | Permanent         | Total               |
|------------------|------------------|------------------|-------------------|-------------------|---------------------|
| Recreation       | CDBG             | Workers<br>Comp  | Rec<br>Center     | Cemetery          |                     |
| \$ 24,877        | \$ -             | \$ 41,815        | \$ 220,952        | \$ 428,603        | \$ 2,714,305        |
|                  | -                |                  |                   | -                 | 81,971              |
|                  | 22,639           |                  |                   | -                 | 22,639              |
| <u>\$ 24,877</u> | <u>\$ 22,639</u> | <u>\$ 41,815</u> | <u>\$ 220,952</u> | <u>\$ 428,603</u> | <u>\$ 2,818,915</u> |
|                  |                  |                  |                   |                   |                     |
| \$ -             | \$ 1,405         | \$ -             | \$ 28,183         | \$ -              | \$ 67,417           |
| -                | 667              | -                | -                 | -                 | 667                 |
| -                | 2,072            | -                | 28,183            | -                 | 68,084              |
|                  |                  |                  |                   |                   |                     |
| -                | -                | -                |                   | 270,708           | 270,708             |
| 24,877           | 20,567           | 41,815           | 192,769           | 157,895           | 2,480,123           |
| 24,877           | 20,567           | 41,815           | 192,769           | 428,603           | 2,750,831           |
| <u>\$ 24,877</u> | <u>\$ 22,639</u> | <u>\$ 41,815</u> | <u>\$ 220,952</u> | <u>\$ 428,603</u> | <u>\$ 2,818,915</u> |

# CITY OF SOUTH JORDAN

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2005

|   | Special Revenue  |                  |                     |                  |                  |
|---|------------------|------------------|---------------------|------------------|------------------|
|   | Glenmoor         | Historical       | Parkway Care        | Street Lighting  | Storm Drain      |
| <b>REVENUES</b>                                   |                  |                  |                     |                  |                  |
| Intergovernmental                                 | \$ -             | \$ -             | \$ -                | \$ -             | \$ -             |
| Charges for Services                              | -                | -                | -                   | 322,852          | 256,158          |
| Interest  | -                | 583              | 43,193              | -                | -                |
| Other Revenue                                     | 1,888            | 886              | -                   | -                | -                |
| Total Revenues                                    | <u>1,888</u>     | <u>1,469</u>     | <u>43,193</u>       | <u>322,852</u>   | <u>256,158</u>   |
| <b>EXPENDITURES</b>                               |                  |                  |                     |                  |                  |
| Current   |                  |                  |                     |                  |                  |
| General Government                                | -                | 2,580            | -                   | -                | -                |
| Public Works                                      | -                | -                | -                   | 236,246          | 219,827          |
| Development Services                              | -                | -                | -                   | -                | -                |
| Capital Outlay & Projects                         | 37,632           | -                | -                   | 28,503           | 29,000           |
| Total Expenditures                                | <u>37,632</u>    | <u>2,580</u>     | <u>-</u>            | <u>264,749</u>   | <u>248,827</u>   |
| Excess (Deficiency) of Revenues over Expenditures | <u>(35,744)</u>  | <u>(1,111)</u>   | <u>43,193</u>       | <u>58,103</u>    | <u>7,331</u>     |
| <b>Other Financing Sources (Uses)</b>             |                  |                  |                     |                  |                  |
| Operating Transfers In                            | -                | 3,000            | -                   | -                | -                |
| Operating Transfers Out                           | -                | -                | -                   | -                | -                |
| Total Other Financing Sources (Uses)              | <u>-</u>         | <u>3,000</u>     | <u>-</u>            | <u>-</u>         | <u>-</u>         |
| Net Change in Fund Balance                        | (35,744)         | 1,889            | 43,193              | 58,103           | 7,331            |
| Fund Balances - July 1                            | 86,844           | 22,994           | 1,776,803           | 13,218           | 67,569           |
| Fund Balances - June 30                           | <u>\$ 51,100</u> | <u>\$ 24,883</u> | <u>\$ 1,819,996</u> | <u>\$ 71,321</u> | <u>\$ 74,900</u> |

| Special Revenue |            |                 |               | Permanent  |              |
|-----------------|------------|-----------------|---------------|------------|--------------|
| Recreation      | CDBG       | Workers<br>Comp | Rec<br>Center | Cemetery   | Total        |
| \$ -            | \$ 106,103 | \$ -            | \$ -          | \$ -       | \$ 106,103   |
| 49,553          | -          | -               | 450,281       | 28,618     | 1,107,462    |
| -               | -          | -               | -             | 9,905      | 53,681       |
| -               | -          | -               | -             | -          | 2,774        |
| 49,553          | 106,103    | -               | 450,281       | 38,523     | 1,270,020    |
| -               | 85,536     | -               | -             | -          | 88,116       |
| -               | -          | -               | -             | -          | 456,073      |
| 38,360          | -          | -               | 541,857       | -          | 580,217      |
| -               | -          | -               | 233,040       | -          | 328,175      |
| 38,360          | 85,536     | -               | 774,897       | -          | 1,452,581    |
| 11,193          | 20,567     | -               | (324,616)     | 38,523     | (182,561)    |
| -               | -          | 41,815          | 517,385       | -          | 562,200      |
| -               | -          | -               | -             | (7,746)    | (7,746)      |
| -               | -          | 41,815          | 517,385       | (7,746)    | 554,454      |
| 11,193          | 20,567     | 41,815          | 192,769       | 30,777     | 371,893      |
| 13,684          | -          | -               | -             | 397,826    | 2,378,938    |
| \$ 24,877       | \$ 20,567  | \$ 41,815       | \$ 192,769    | \$ 428,603 | \$ 2,750,831 |

# CITY OF SOUTH JORDAN

## Debt Service Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Special Assessments                                  | \$ 826,452         | \$ 825,401      | \$ 926,733        | \$ 101,332   |
| Interest   | 11,000             | 13,688          | 23,849            | 10,161   |
| Miscellaneous  | 149,929            | 149,929         | 150,180           | 251  |
| Total Revenue  | 987,381            | 989,018         | 1,100,762         | 111,744  |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| Debt Service   |                    |                 |                   |  |
| Principal  | 1,770,347          | 1,745,463       | 1,583,502         | 161,961  |
| Other  | 25,095             | 25,095          | 23,295            | 1,800  |
| Interest and Fees                                    | 1,287,295          | 1,315,878       | 1,387,453         | (71,575)   |
| Total Expenditures                                   | 3,082,737          | 3,086,436       | 2,994,250         | 92,186   |
| Excess (Deficiency) of revenues<br>Over Expenditures | (2,095,356)        | (2,097,418)     | (1,893,488)       | 203,930  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Operating Transfers In                               | 1,907,939          | 1,937,315       | 1,937,315         | -  |
| Operating Transfers Out                              | -                  | -               | -                 | -  |
| Total Other Financing Sources (Uses)                 | 1,907,939          | 1,937,315       | 1,937,315         | -  |
| Net Change in Fund Balance                           | (187,417)          | (160,103)       | 43,827            | 203,930  |
| Fund Balance - July 1                                | 1,193,603          | 1,193,603       | 1,193,603         | -  |
| Fund Balance - June 30                               | \$ 1,006,186       | \$ 1,033,500    | \$ 1,237,430      | \$ 203,930   |

**CITY OF SOUTH JORDAN**  
Municipal Building Authority  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Interest   | \$ 10,900          | \$ 10,900       | \$ 51,642         | \$ 40,742  |
| Miscellaneous  | -                  | -               | -                 | -  |
| Total Revenue  | 10,900             | 10,900          | 51,642            | 40,742   |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| General Government                                   | 3,000              | 3,000           | -                 | 3,000  |
| Capital Outlay                                       | -                  | 1,645,509       | 1,385,871         | 259,638  |
| Debt Service   |                    |                 |                   |  |
| Principal  | 741,667            | 325,000         | 325,000           | -  |
| Interest and Fees                                    | 492,545            | 400,545         | 400,295           | 250  |
| Total Expenditures                                   | 1,237,212          | 2,374,054       | 2,111,166         | 262,888  |
| Excess (Deficiency) of revenues<br>Over Expenditures | (1,226,312)        | (2,363,154)     | (2,059,524)       | 303,630  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Bond Proceeds  | -                  | -               | -                 | -  |
| Operating Transfers In                               | 909,099            | 702,099         | 702,099           | -  |
| Operating Transfers Out                              | -                  | -               | -                 | -  |
| Total Other Financing Sources (Uses)                 | 909,099            | 702,099         | 702,099           | -  |
| Net Change in Fund Balance                           | (317,213)          | (1,661,055)     | (1,357,425)       | 303,630  |
| Fund Balance - July 1                                | 2,433,766          | 2,433,766       | 2,433,766         | -  |
| Fund Balance - June 30                               | \$ 2,116,553       | \$ 772,711      | \$ 1,076,341      | \$ 303,630   |

# CITY OF SOUTH JORDAN

## Construction

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Interest   | \$ -               | \$ -            | \$ 89,903         | \$ 89,903  |
| Impact Fees  | -                  | -               | 5,333,222         | 5,333,222  |
| Miscellaneous  | -                  | 217,841         | 75,622            | (142,219)  |
| Total Revenue  | -                  | 217,841         | 5,498,747         | 5,280,906  |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| Capital Outlay                                       |                    |                 |                   |  |
| Road and Bridge                                      | 1,111,566          | 2,408,114       | 1,157,128         | 1,250,986  |
| Parks  | 233,814            | 5,932,901       | 4,843,402         | 1,089,499  |
| Storm Drain  | 360,000            | 1,013,614       | 450,377           | 563,237  |
| Facilities   | -                  | 6,093           | 6,093             | -  |
| Other Projects                                       | 1,157,215          | 1,961,565       | 2,098,960         | (137,395)  |
| Total Expenditures                                   | 2,862,595          | 11,322,287      | 8,555,960         | 2,766,327  |
| Excess (Deficiency) of revenues<br>Over Expenditures | (2,862,595)        | (11,104,446)    | (3,057,213)       | 8,047,233  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Debt Proceeds  | 900,000            | 900,000         | 1,246,924         | 346,924  |
| Sale of Capital Assets                               | -                  | 82,430          | 72,139            | (10,291)   |
| Operating Transfers In                               | 243,215            | 2,564,824       | 3,625,610         | 1,060,786  |
| Operating Transfers Out                              | (1,484,977)        | (1,449,536)     | (1,449,536)       | -  |
| Total Other Financing Sources (Uses)                 | (341,762)          | 2,097,718       | 3,495,137         | 1,397,419  |
| Net Change in Fund Balance                           | (3,204,357)        | (9,006,728)     | 437,924           | 9,444,652  |
| Fund Balance - July 1                                | 9,407,252          | 9,407,252       | 9,407,252         | -  |
| Fund Balance - June 30                               | \$ 6,202,895       | \$ 400,524      | \$ 9,845,176      | \$ 9,444,652   |

**CITY OF SOUTH JORDAN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2005**

|  | Special Revenue  |                  |                     |                  |                  |
|--|------------------|------------------|---------------------|------------------|------------------|
|  | Glenmoor         | Historical       | Parkway Care        | Street Lighting  | Storm Drain      |
| <b>ASSETS</b>                            |                  |                  |                     |                  |                  |
| Cash & Cash Equivalents                  | \$ 80,464        | \$ 24,887        | \$ 1,819,996        | \$ 26,189        | \$ 46,522        |
| Receivables                              |                  |                  |                     |                  |                  |
| Accounts Receivable                      | -                | -                | -                   | 45,156           | 36,815           |
| Other Receivables                        | -                | -                | -                   | -                | -                |
| Total Assets                             | <u>\$ 80,464</u> | <u>\$ 24,887</u> | <u>\$ 1,819,996</u> | <u>\$ 71,345</u> | <u>\$ 83,337</u> |
| <b>LIABILITIES AND FUND BALANCES</b>     |                  |                  |                     |                  |                  |
| <b>LIABILITIES</b>                       |                  |                  |                     |                  |                  |
| Accounts payable and Accrued Liabilities | \$ 29,364        | \$ 4             | \$ -                | \$ 24            | \$ 8,437         |
| Due to Other Funds                       | -                | -                | -                   | -                | -                |
| Total Liabilities                        | <u>29,364</u>    | <u>4</u>         | <u>-</u>            | <u>24</u>        | <u>8,437</u>     |
| <b>FUND BALANCES</b>                     |                  |                  |                     |                  |                  |
| Reserved for Perpetual Care              | -                | -                | -                   | -                | -                |
| Unreserved Fund Balance                  | 51,100           | 24,883           | 1,819,996           | 71,321           | 74,900           |
| Total Fund Balances                      | <u>51,100</u>    | <u>24,883</u>    | <u>1,819,996</u>    | <u>71,321</u>    | <u>74,900</u>    |
| Total Liabilities and Fund Balances      | <u>\$ 80,464</u> | <u>\$ 24,887</u> | <u>\$ 1,819,996</u> | <u>\$ 71,345</u> | <u>\$ 83,337</u> |

**CITY OF SOUTH JORDAN**  
**Historical Preservation**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2005**

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Interest   | 300                | 300             | 583               | 283  |
| Other Revenue  | 1,000              | 1,000           | 886               | (114)  |
| Total Revenue  | 1,300              | 1,300           | 1,469             | 169  |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| General Government                                   | 4,600              | 4,600           | 2,580             | 2,020  |
| Total Expenditures                                   | 4,600              | 4,600           | 2,580             | 2,020  |
| Excess (Deficiency) of revenues<br>Over Expenditures | (3,300)            | (3,300)         | (1,111)           | 2,189  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Operating Transfers In                               | 3,000              | 3,000           | 3,000             | -  |
| Operating Transfers Out                              | -                  | -               | -                 | -  |
| Total Other Financing Sources (Uses)                 | 3,000              | 3,000           | 3,000             | -  |
| Net Change in Fund Balance                           | (300)              | (300)           | 1,889             | 2,189  |
| Fund Balance - July 1                                | 22,994             | 22,994          | 22,994            | -  |
| Fund Balance - June 30                               | \$ 22,694          | \$ 22,694       | \$ 24,883         | \$ 2,189   |



# CITY OF SOUTH JORDAN

## Parkway Care

### Schedule of Revenues, Expenditures, and Changes in Fund Balance -

#### Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Interest   | \$ 30,000          | \$ 30,000       | \$ 43,193         | \$ 13,193  |
| Total Revenue  | 30,000             | 30,000          | 43,193            | 13,193   |
| <b>EXPENDITURES</b>                                  | -                  | -               | -                 | -  |
| Excess (Deficiency) of revenues<br>Over Expenditures | 30,000             | 30,000          | 43,193            | 13,193   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Operating Transfers In                               | -                  | -               | -                 | -  |
| Operating Transfers Out                              | (30,000)           | (30,000)        | -                 | 30,000   |
| Total Other Financing Sources (Uses)                 | (30,000)           | (30,000)        | -                 | 30,000   |
| Net Change in Fund Balance                           | -                  | -               | 43,193            | 43,193   |
| Fund Balance - July 1                                | 1,776,803          | 1,776,803       | 1,776,803         | -  |
| Fund Balance - June 30                               | \$ 1,776,803       | \$ 1,776,803    | \$ 1,819,996      | \$ 43,193  |

# CITY OF SOUTH JORDAN

## Street Lighting

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Charges for Services                                 | \$ 324,000         | \$ 324,000      | \$ 322,852        | \$ (1,148)   |
| Miscellaneous  | -                  | -               | -                 | -  |
| Total Revenue  | <u>324,000</u>     | <u>324,000</u>  | <u>322,852</u>    | <u>(1,148)</u>   |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| Public Works   | 263,574            | 308,292         | 236,246           | 72,046   |
| Capital Outlay & Projects                            | 60,426             | 28,926          | 28,503            | 423  |
| Total Expenditures                                   | <u>324,000</u>     | <u>337,218</u>  | <u>264,749</u>    | <u>72,469</u>  |
| Excess (Deficiency) of revenues<br>Over Expenditures | <u>-</u>           | <u>(13,218)</u> | <u>58,103</u>     | <u>71,321</u>  |
| Net Change in Fund Balance                           | -                  | (13,218)        | 58,103            | 71,321   |
| Fund Balance - July 1                                | 13,218             | 13,218          | 13,218            | -  |
| Fund Balance - June 30                               | <u>\$ 13,218</u>   | <u>\$ -</u>     | <u>\$ 71,321</u>  | <u>\$ 71,321</u>   |

# CITY OF SOUTH JORDAN

## Storm Drain

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget  | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|------------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                  |                   |  |
| Charges for Services                                 | \$ 256,152         | \$ 256,152       | \$ 256,158        | \$ 6   |
| Miscellaneous  | -                  | -                | -                 | -  |
| Total Revenue  | <u>256,152</u>     | <u>256,152</u>   | <u>256,158</u>    | <u>6</u>   |
| <b>EXPENDITURES</b>                                  |                    |                  |                   |  |
| Public Works   | 238,511            | 228,511          | 219,827           | 8,684  |
| Capital Outlay                                       | -                  | 29,000           | 29,000            | -  |
| Total Expenditures                                   | <u>238,511</u>     | <u>257,511</u>   | <u>248,827</u>    | <u>8,684</u>   |
| Excess (Deficiency) of revenues<br>Over Expenditures | <u>17,641</u>      | <u>(1,359)</u>   | <u>7,331</u>      | <u>8,690</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                  |                   |  |
| Operating Transfers In                               | -                  | -                | -                 | -  |
| Operating Transfers Out                              | (17,641)           | -                | -                 | -  |
| Total Other Financing Sources (Uses)                 | <u>(17,641)</u>    | <u>-</u>         | <u>-</u>          | <u>-</u>   |
| Net Change in Fund Balance                           | -                  | (1,359)          | 7,331             | 8,690  |
| Fund Balance - July 1                                | 67,569             | 67,569           | 67,569            | -  |
| Fund Balance - June 30                               | <u>\$ 67,569</u>   | <u>\$ 66,210</u> | <u>\$ 74,900</u>  | <u>\$ 8,690</u>  |

**CITY OF SOUTH JORDAN**  
Recreation Programs  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget  | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|------------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                  |                   |  |
| Charges for Services                                 | 154,220            | 154,220          | 49,553            | (104,667)  |
| Total Revenue  | 154,220            | 154,220          | 49,553            | (104,667)  |
| <b>EXPENDITURES</b>                                  |                    |                  |                   |  |
| Development Services                                 | 154,220            | 154,220          | 38,360            | 115,860  |
| Total Expenditures                                   | 154,220            | 154,220          | 38,360            | 115,860  |
| Excess (Deficiency) of revenues<br>Over Expenditures | -                  | -                | 11,193            | 11,193   |
| Net Change in Fund Balance                           | -                  | -                | 11,193            | 11,193   |
| Fund Balance - July 1                                | 13,684             | 13,684           | 13,684            | -  |
| Fund Balance - June 30                               | <u>\$ 13,684</u>   | <u>\$ 13,684</u> | <u>\$ 24,877</u>  | <u>\$ 11,193</u>   |

**CITY OF SOUTH JORDAN**  
**Community Development Block Grant**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2005**

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Grant Revenue  | \$ 60,000          | \$ 60,000       | \$ 106,103        | \$ 46,103  |
| Total Revenue  | 60,000             | 60,000          | 106,103           | 46,103   |
| <b>EXPENDITURES</b>                                  |                    |                 |                   |  |
| General Government                                   | 60,000             | 89,950          | 85,536            | 4,414  |
| Total Expenditures                                   | 60,000             | 89,950          | 85,536            | 4,414  |
| Excess (Deficiency) of revenues<br>Over Expenditures | -                  | (29,950)        | 20,567            | 50,517   |
| Net Change in Fund Balance                           | -                  | (29,950)        | 20,567            | 50,517   |
| Fund Balance - July 1                                | -                  | -               | -                 | -  |
| Fund Balance - June 30                               | \$ -               | \$ (29,950)     | \$ 20,567         | \$ 50,517  |

# CITY OF SOUTH JORDAN

## Workers Compensation

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                 |                   |  |
| Charges for Services                                 | \$ -               | \$ -            | \$ -              | -  |
| Interest   | -                  | -               | -                 | -  |
| Total Revenue  | -                  | -               | -                 | -  |
| <b>EXPENDITURES</b>                                  | -                  | -               | -                 | -  |
| Excess (Deficiency) of revenues<br>Over Expenditures | -                  | -               | -                 | -  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                 |                   |  |
| Operating Transfers In                               | -                  | -               | 41,815            | 41,815   |
| Operating Transfers Out                              | -                  | -               | -                 | -  |
| Total Other Financing Sources (Uses)                 | -                  | -               | 41,815            | 41,815   |
| Net Change in Fund Balance                           | -                  | -               | 41,815            | 41,815   |
| Fund Balance - July 1                                | -                  | -               | -                 | -  |
| Fund Balance - June 30                               | \$ -               | \$ -            | \$ 41,815         | \$ 41,815  |

# CITY OF SOUTH JORDAN

## Recreation Center

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2005

|  | Original<br>Budget | Final<br>Budget  | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|------------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                  |                   |  |
| Charges for Services                                 | \$ 355,143         | \$ 354,840       | \$ 450,281        | \$ 95,441  |
| Total Revenue  | <u>355,143</u>     | <u>354,840</u>   | <u>450,281</u>    | <u>95,441</u>  |
| <b>EXPENDITURES</b>                                  |                    |                  |                   |  |
| Development Services                                 | 872,528            | 609,915          | 541,857           | 68,058   |
| Capital Outlay                                       | -                  | 262,310          | 233,040           | 29,270   |
| Total Expenditures                                   | <u>872,528</u>     | <u>872,225</u>   | <u>774,897</u>    | <u>97,328</u>  |
| Excess (Deficiency) of revenues<br>Over Expenditures | <u>(517,385)</u>   | <u>(517,385)</u> | <u>(324,616)</u>  | <u>192,769</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                  |                   |  |
| Operating Transfers In                               | 517,385            | 517,385          | 517,385           | -  |
| Total Other Financing Sources (Uses)                 | <u>517,385</u>     | <u>517,385</u>   | <u>517,385</u>    | <u>-</u>   |
| Net Change in Fund Balance                           | -                  | -                | 192,769           | 192,769  |
| Fund Balance - July 1                                | -                  | -                | -                 | -  |
| Fund Balance - June 30                               | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ 192,769</u> | <u>\$ 192,769</u>  |

**CITY OF SOUTH JORDAN**  
**Cemetery Perpetual Care**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2005**

|  | Original<br>Budget | Final<br>Budget   | Actual<br>Amounts | Variances with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|--|
| <b>REVENUES</b>                                      |                    |                   |                   |  |
| Charges for Services                                 | \$ 15,000          | \$ 15,000         | \$ 28,618         | 13,618   |
| Interest   | 8,000              | 8,000             | 9,905             | 1,905  |
| Total Revenue  | <u>23,000</u>      | <u>23,000</u>     | <u>38,523</u>     | <u>15,523</u>  |
| <b>EXPENDITURES</b>                                  | -                  | -                 | -                 | -  |
| Excess (Deficiency) of revenues<br>Over Expenditures | <u>23,000</u>      | <u>23,000</u>     | <u>38,523</u>     | <u>15,523</u>  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                    |                   |                   |  |
| Operating Transfers In                               | -                  | -                 | -                 | -  |
| Operating Transfers Out                              | (23,000)           | (23,000)          | (7,746)           | 15,254   |
| Total Other Financing Sources (Uses)                 | <u>(23,000)</u>    | <u>(23,000)</u>   | <u>(7,746)</u>    | <u>15,254</u>  |
| Net Change in Fund Balance                           | -                  | -                 | 30,777            | 30,777   |
| Fund Balance - July 1                                | 397,826            | 397,826           | 397,826           | -  |
| Fund Balance - June 30                               | <u>\$ 397,826</u>  | <u>\$ 397,826</u> | <u>\$ 428,603</u> | <u>\$ 30,777</u>   |



**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**



**SOUTH JORDAN**  
U T A H

**CITY OF SOUTH JORDAN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedule by Source**  
**June 30, 2005**

|  | <u>2004</u>               | <u>2005</u>               |
|--|---------------------------|---------------------------|
| <b>General Fixed Assets</b>                      |                           |                           |
| Land   | \$ 11,984,229             | \$ 8,099,623              |
| Buildings and Structures                         | 10,621,727                | 19,047,622                |
| Improvements Other than Buildings and Structures | 5,013,316                 | 7,622,770                 |
| Machinery and Equipment                          | 7,141,736                 | 8,406,939                 |
| Infrastructure                                   | 91,337,616                | 100,217,885               |
| Construction in Progress                         | <u>6,578,651</u>          | <u>3,656,815</u>          |
| <br>Total governmental funds capital assets      | <br><u>\$ 132,677,275</u> | <br><u>\$ 147,051,654</u> |
| <br><b>Investment in Fixed Assets</b>            |                           |                           |
| General Fund                                     | \$ 15,376,451             | \$ 23,393,210             |
| Glenmoor Special Service Fund                    | 437,093                   | 430,361                   |
| Capital Projects Fund                            | 112,524,928               | 122,889,281               |
| Street Lighting Fund                             | 19,250                    | 19,250                    |
| Parkway Care Fund                                | 17,650                    | 17,650                    |
| Redevelopment Agency Fund                        | <u>4,301,903</u>          | <u>301,902</u>            |
| <br>Total Investment in Fixed Assets             | <br><u>\$ 132,677,275</u> | <br><u>\$ 147,051,654</u> |

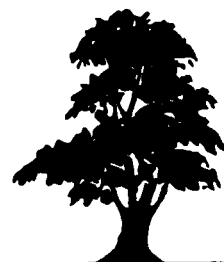
**CITY OF SOUTH JORDAN**  
Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
June 30, 2005

| Function and Activity             | Improvements |                              |                                     |              |                | Machinery<br>and<br>Equipment | Infrastructure | Construction<br>in Progress | Total          |
|-----------------------------------|--------------|------------------------------|-------------------------------------|--------------|----------------|-------------------------------|----------------|-----------------------------|----------------|
|                                   | Land         | Building<br>and<br>Structure | Building<br>other Than<br>Structure |              |                |                               |                |                             |                |
| General Government                |              |                              |                                     |              |                |                               |                |                             |                |
| Administration                    | \$ 2,128,600 | \$ 5,846,075                 | \$ 577,054                          | \$ 1,938,592 | \$ -           | \$ -                          | \$ -           | \$ -                        | \$ 10,490,321  |
| Parkway                           | -            | -                            | -                                   | 17,650       | -              | -                             | -              | -                           | 17,650         |
| Building and Planning             | -            | -                            | -                                   | 10,000       | -              | -                             | -              | -                           | 10,000         |
| Engineering                       | -            | -                            | -                                   | 49,804       | -              | -                             | -              | -                           | 49,804         |
| Fleet Management                  | -            | -                            | -                                   | 1,358,545    | -              | -                             | -              | -                           | 1,358,545      |
| Total General Government          | 2,128,600    | 5,846,075                    | 577,054                             | 3,374,591    | -              | -                             | -              | -                           | 11,926,320     |
| Public Safety                     |              |                              |                                     |              |                |                               |                |                             |                |
| Police Protection                 | -            | 52,443                       | 3,365                               | 1,010,296    | -              | -                             | -              | -                           | 1,066,104      |
| Fire Protection                   | -            | 1,481,795                    | -                                   | 1,939,734    | -              | -                             | -              | -                           | 3,421,529      |
| Total Public Safety               | -            | 1,534,238                    | 3,365                               | 2,950,030    | -              | -                             | -              | -                           | 4,487,633      |
| Public Works                      |              |                              |                                     |              |                |                               |                |                             |                |
| Streets and Roads                 | 1,579,526    | 72,749                       | 1,107,626                           | 1,282,931    | 86,571,506     | 1,450,633                     | 1,450,633      | 92,064,971                  | 92,064,971     |
| Storm Drain                       | -            | -                            | 9,400                               | -            | 13,411,046     | 85,192                        | 85,192         | 13,505,638                  | 13,505,638     |
| Total Public Works                | 1,579,526    | 72,749                       | 1,117,026                           | 1,282,931    | 99,982,552     | 1,535,825                     | 1,535,825      | 105,570,609                 | 105,570,609    |
| Parks and Public Property         |              |                              |                                     |              |                |                               |                |                             |                |
| Parks                             | 3,879,990    | 100,909                      | 5,488,209                           | 377,794      | 235,333        | 1,165,754                     | 1,165,754      | 11,247,989                  | 11,247,989     |
| Cemetery                          | 17,995       | 2,362                        | 100,134                             | 8,645        | -              | -                             | -              | 129,136                     | 129,136        |
| Recreation                        | -            | 10,285,252                   | -                                   | 152,604      | -              | -                             | -              | 10,437,856                  | 10,437,856     |
| Total Parks & Public Property     | 3,897,985    | 10,388,523                   | 5,588,343                           | 539,043      | 235,333        | 1,165,754                     | 1,165,754      | 21,814,981                  | 21,814,981     |
| Museum                            | -            | -                            | -                                   | -            | -              | 955,236                       | 955,236        | 955,236                     | 955,236        |
| Municipal Building Authority      | 113,731      | 1,206,037                    | -                                   | 244,844      | -              | -                             | -              | 1,564,612                   | 1,564,612      |
| Glenmoor Speical Service District | 93,379       | -                            | 336,982                             | -            | -              | -                             | -              | 430,361                     | 430,361        |
| Redevelopment Agency              | 286,402      | -                            | -                                   | 15,500       | -              | -                             | -              | 301,902                     | 301,902        |
| Total General Fixed Assets        | \$ 8,099,623 | \$ 19,047,622                | \$ 7,622,770                        | \$ 8,406,939 | \$ 100,217,885 | \$ 3,656,815                  | \$ 3,656,815   | \$ 147,051,654              | \$ 147,051,654 |

**CITY OF SOUTH JORDAN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**June 30, 2005**

| <b>Function and Activity</b>             | <b>General Fixed Assets</b> |                      |                     |                          |
|--|-----------------------------|----------------------|---------------------|--------------------------|
|  | <b>July 1,<br/>2004</b>     | <b>Additions</b>     | <b>Deletions</b>    | <b>June 30,<br/>2005</b> |
| <b>General Government</b>                |                             |                      |                     |                          |
| Administration                           | \$ 9,781,600                | \$ 708,721           | \$ -                | \$ 10,490,321            |
| Parkway                                  | 17,650                      | -                    | -                   | 17,650                   |
| Building and Planning                    | 10,000                      | -                    | -                   | 10,000                   |
| Engineering                              | 49,804                      | -                    | -                   | 49,804                   |
| Economic Development                     | -                           | -                    | -                   | -                        |
| Fleet Management                         | 1,339,748                   | 18,797               | -                   | 1,358,545                |
| Total General Government                 | 11,198,802                  | 727,518              | -                   | 11,926,320               |
| <b>Public Safety</b>                     |                             |                      |                     |                          |
| Police Protection                        | 688,264                     | 446,270              | 68,430              | 1,066,104                |
| Fire Protection                          | 3,379,798                   | 79,131               | 37,400              | 3,421,529                |
| Total Public Safety                      | 4,068,062                   | 525,401              | 105,830             | 4,487,633                |
| <b>Public Works</b>                      |                             |                      |                     |                          |
| Streets and Roads                        | 83,504,164                  | 8,560,807            | -                   | 92,064,971               |
| Storm Drain                              | 11,708,824                  | 1,796,814            | -                   | 13,505,638               |
| Total Public Works                       | 95,212,988                  | 10,357,621           | -                   | 105,570,609              |
| <b>Parks and Public Property</b>         |                             |                      |                     |                          |
| Parks                                    | 7,857,701                   | 3,422,883            | 32,595              | 11,247,989               |
| Cemetery                                 | 129,136                     | -                    | -                   | 129,136                  |
| Recreation                               | 6,958,475                   | 3,479,381            | -                   | 10,437,856               |
| Total Parks & Public Property            | 14,945,312                  | 6,902,264            | 32,595              | 21,814,981               |
| <b>Museum</b>                            | 955,236                     | -                    | -                   | 955,236                  |
| <b>Municipal Building Authority</b>      | 1,564,612                   | -                    | -                   | 1,564,612                |
| <b>Glenmoor Special Service District</b> | 430,361                     | -                    | -                   | 430,361                  |
| <b>Redevelopment Agency</b>              | 4,301,903                   | -                    | 4,000,001           | 301,902                  |
| <b>Total General Fixed Assets</b>        | <u>\$ 132,677,276</u>       | <u>\$ 18,512,804</u> | <u>\$ 4,138,426</u> | <u>\$ 147,051,654</u>    |

**STATISTICAL SECTION**



**SOUTH JORDAN**  
U T A H

**CITY OF SOUTH JORDAN  
GENERAL FUND**

General Fund - Governmental Expenditures by Function  
Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>General<br/>Government</b> | <b>Public<br/>Safety</b> | <b>Public<br/>Works</b> | <b>Development<br/>Services</b> | <b>Total</b> |
|------------------------|-------------------------------|--------------------------|-------------------------|---------------------------------|--------------|
| 1996                   | \$ 1,883,260                  | \$ 1,673,122             | \$ 1,354,987            | \$ 222,745                      | \$ 5,134,114 |
| 1997                   | 1,857,831                     | 1,874,079                | 602,060                 | 186,840                         | 4,520,810    |
| 1998                   | 2,416,701                     | 2,172,571                | 531,075                 | 383,439                         | 5,503,786    |
| 1999                   | 2,351,897                     | 2,396,438                | 529,684                 | 312,196                         | 5,590,215    |
| 2000                   | 2,624,373                     | 3,109,709                | 636,860                 | 334,481                         | 6,705,423    |
| 2001                   | 2,918,942                     | 3,747,944                | 1,015,457               | 428,801                         | 8,111,144    |
| 2002                   | 3,671,668                     | 4,498,128                | 1,167,092               | 715,536                         | 10,052,424   |
| 2003                   | 4,730,519                     | 5,233,088                | 1,489,770               | 885,860                         | 12,339,237   |
| 2004                   | 4,908,247                     | 5,780,900                | 1,600,385               | 1,081,949                       | 13,371,481   |
| 2005                   | 3,564,908                     | 6,619,809                | 2,311,903               | 2,653,467                       | 15,150,087   |

**DEFINITIONS:**

General Government: Administration, Finance

Public Safety: Police, Fire, Municipal Court, & Ordinance Enforcement

Public Works: Streets, Roads, Sanitation, & Facility Maintenance

Development Services: Parks, Recreation, & Community Development

Note: In FY-05, Community Development moved from General Government to Development Services.

**CITY OF SOUTH JORDAN**  
General Fund Revenues and Other Financing Sources by Source  
Last Ten Fiscal Years

| <b>Fiscal<br/>Year</b> | <b>Taxes</b> | <b>Licenses<br/>and Permits</b> | <b>Inter-<br/>Governmental</b> | <b>Charges<br/>for Services</b> | <b>Fines and<br/>Forfeitures</b> | <b>Misc.</b> | <b>Total</b> |
|------------------------|--------------|---------------------------------|--------------------------------|---------------------------------|----------------------------------|--------------|--------------|
| 1996                   | \$ 2,511,625 | \$ 1,565,321                    | \$ 324,402                     | \$ 1,061,983                    | \$ 214,964                       | \$ 214,044   | \$ 5,892,339 |
| 1997                   | 3,772,434    | 811,844                         | 401,474                        | 850,907                         | 246,329                          | 428,854      | 6,511,842    |
| 1998                   | 3,707,116    | 791,779                         | 317,478                        | 927,092                         | 336,574                          | 305,161      | 6,385,200    |
| 1999                   | 4,375,105    | 726,177                         | 354,703                        | 878,984                         | 436,660                          | 290,006      | 7,061,635    |
| 2000                   | 4,503,168    | 828,377                         | 463,884                        | 918,458                         | 547,130                          | 424,395      | 7,685,412    |
| 2001                   | 5,862,742    | 876,840                         | 556,577                        | 1,379,403                       | 774,254                          | 573,806      | 10,023,622   |
| 2002                   | 6,964,293    | 965,870                         | 1,221,144                      | 2,104,863                       | 889,392                          | 252,555      | 12,398,117   |
| 2003                   | 7,103,170    | 1,348,514                       | 1,260,459                      | 3,844,111                       | 1,006,452                        | 967,668      | 15,530,374   |
| 2004                   | 8,118,658    | 1,790,661                       | 1,654,190                      | 2,593,834                       | 987,405                          | 188,922      | 15,333,670   |
| 2005                   | 9,175,242    | 2,948,658                       | 2,124,881                      | 3,660,082                       | 1,189,595                        | 362,703      | 19,461,161   |

**CITY OF SOUTH JORDAN**  
**Tax Revenue by Source - General Fund**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>General Property Taxes (a)</b> | <b>Sales Tax</b> | <b>Energy Sales &amp; Use Tax</b> | <b>Telecommunication Fee</b> | <b>Total Tax Revenue</b> |
|--------------------|-----------------------------------|------------------|-----------------------------------|------------------------------|--------------------------|
| 1996               | \$ 1,267,927                      | \$ 1,243,698     | \$ -                              | \$ -                         | \$ 2,511,625             |
| 1997               | 1,498,674                         | 1,441,361        | 832,399                           | -                            | 3,772,434                |
| 1998               | 1,638,662                         | 1,618,454        | 450,000                           | -                            | 3,707,116                |
| 1999               | 1,882,116                         | 1,928,777        | 564,212                           | -                            | 4,375,105                |
| 2000               | 1,735,505                         | 2,155,588        | 612,075                           | -                            | 4,503,168                |
| 2001               | 2,333,098                         | 2,618,546        | 849,905                           | 61,193                       | 5,862,742                |
| 2002               | 2,699,315                         | 2,950,625        | 1,173,223                         | 141,130                      | 6,964,293                |
| 2003               | 2,885,846                         | 2,843,808        | 1,210,835                         | 162,681                      | 7,103,170                |
| 2004               | 3,241,085                         | 3,255,045        | 1,434,575                         | 187,952                      | 8,118,657                |
| 2005               | 3,519,995                         | 3,658,972        | 1,431,090                         | 565,185                      | 9,175,242                |

- (a) Includes taxes on real property, personal property, motor vehicle taxes and penalty, and interest on property taxes.
- (b) Pryor to FY 2004-2005 the City charged a cellular telephone tax. This tax was repealed and replaced by the Telecommunication Fee.



**CITY OF SOUTH JORDAN**  
**Ratio of Water Fund Contributions to General Fund to Total General Fund Revenues**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year</b> | <b>Total General<br/>Fund Revenues</b> | <b>Contributions<br/>from Water Fund</b> | <b>Ratio of Water Fund Contributions<br/>to Total General Fund Revenue</b> |
|------------------------|--|--|--|
| 1996                   | \$ 5,892,339                           | \$ -                                     | 0.0000   |
| 1997                   | 6,511,842                              | 10,000                                   | 0.0015   |
| 1998                   | 6,385,200                              | -  | 0.0000   |
| 1999                   | 6,977,987                              | 68,000                                   | 0.0097   |
| 2000                   | 7,685,414                              | -  | 0.0000   |
| 2001                   | 10,023,622                             | -  | 0.0000   |
| 2002                   | 12,398,117                             | -  | 0.0000   |
| 2003                   | 15,530,374                             | -  | 0.0000   |
| 2004                   | 15,333,670                             | -  | 0.0000   |
| 2005                   | 19,461,161                             | -  | 0.0000   |

**CITY OF SOUTH JORDAN**  
**Assessed Valuation/Taxable Value Tax Levies/Tax Rates,**  
**Tax Collection Experience**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Assessed<br>Valuation/Taxable<br>Value | Mill Levy/Tax Rate |                      |          | Collection Experience |            |         |
|----------------|--|--------------------|----------------------|----------|-----------------------|------------|---------|
|                |  | General<br>Purpose | Bond Sinking<br>Fund | Total    | Assessed              | Collected  | Percent |
| 1996           | \$ 687,043,266                         | 0.001755           | -                    | 0.001755 | \$ 992,480            | \$ 816,910 | 82.31%  |
| 1997           | 693,953,917                            | 0.001736           | -                    | 0.001736 | 1,204,704             | 1,203,379  | 99.89%  |
| 1998           | 772,377,656                            | 0.001647           | -                    | 0.001647 | 1,272,106             | 1,199,073  | 94.26%  |
| 1999           | 899,426,347                            | 0.001670           | -                    | 0.001670 | 1,502,042             | 1,643,973  | 109.45% |
| 2000           | 999,355,309                            | 0.001714           | -                    | 0.001714 | 1,712,895             | 1,479,746  | 86.39%  |
| 2001           | 1,130,758,991                          | 0.001863           | -                    | 0.001863 | 2,106,604             | 2,069,945  | 98.26%  |
| 2002           | 1,265,268,767                          | 0.001950           | -                    | 0.001950 | 2,535,599             | 2,356,705  | 92.94%  |
| 2003           | 1,413,255,451                          | 0.001933           | -                    | 0.001933 | 2,755,848             | 2,507,262  | 90.98%  |
| 2004           | 1,538,457,838                          | 0.001874           | -                    | 0.001874 | 2,973,839             | 2,859,643  | 96.16%  |
| 2005           | 1,721,854,829                          | 0.002211           | -                    | 0.002211 | 3,226,756             | 3,145,921  | 97.49%  |

**CITY OF SOUTH JORDAN**  
**Property Tax Rates - All Overlapping Governments**  
 (Per \$1 of assessed Value for Mill Levy)

| Fiscal Year | South Jordan City | Jordan School District | Salt Lake Library | Salt Lake County | Mosquito Abatement | Central Utah Water Conservancy District |
|-------------|-------------------|------------------------|-------------------|------------------|--------------------|---|
| 1996        | 0.001755          | 0.007262               | 0.000669          | 0.003796         | 0.000015           | 0.000349                                |
| 1997        | 0.001736          | 0.006392               | 0.000647          | 0.003748         | 0.000014           | 0.000342                                |
| 1998        | 0.001647          | 0.006504               | 0.000608          | 0.003551         | 0.000013           | 0.000400                                |
| 1999        | 0.001670          | 0.006561               | 0.000607          | 0.002805         | 0.000013           | 0.000397                                |
| 2000        | 0.001714          | 0.007582               | 0.000610          | 0.003024         | 0.000013           | 0.000396                                |
| 2001        | 0.001863          | 0.008845               | 0.000583          | 0.002904         | 0.000012           | 0.000377                                |
| 2002        | 0.001950          | 0.008344               | 0.000744          | 0.002935         | 0.000017           | 0.000358                                |
| 2003        | 0.001933          | 0.008366               | 0.000747          | 0.002868         | 0.000034           | 0.000358                                |
| 2004        | 0.001874          | 0.008856               | 0.000733          | 0.002816         | 0.000033           | 0.000353                                |
| 2005        | 0.002211          | 0.008655               | 0.000696          | 0.002682         | 0.000031           | 0.000400                                |

| Fiscal Year | Hansen Planetarium | Salt Lake County Sewer District #1 | Jordan Valley Water Conservancy District | Crescent Cemetary | Total    |
|-------------|--------------------|------------------------------------|--|-------------------|----------|
| 1996        | 0.000035           | 0.000911                           | 0.000333                                 |                   | 0.015125 |
| 1997        | 0.000034           | 0.000858                           | 0.000321                                 |                   | 0.014092 |
| 1998        | (a)                | 0.000756                           | 0.000400                                 |                   | 0.013879 |
| 1999        | (a)                | 0.000627                           | 0.000403                                 |                   | 0.013083 |
| 2000        | (a)                | 0.000631                           | 0.000400                                 |                   | 0.014370 |
| 2001        | (a)                | 0.000591                           | 0.000400                                 |                   | 0.015575 |
| 2002        | (a)                | 0.000560                           | 0.000392                                 |                   | 0.015300 |
| 2003        | (a)                | 0.000515                           | 0.000397                                 |                   | 0.015218 |
| 2004        | (a)                | 0.000515                           | 0.000392                                 | 0.000065          | 0.015637 |
| 2005        | (a)                | 0.000473                           | 0.000400                                 | 0.000059          | 0.015607 |

Source: Salt Lake County Auditor's Office

(a) 1997 Forward - Hansen Planetarium put in with the General Fund.

**CITY OF SOUTH JORDAN**  
**Special Assessment Billing and Collections**  
**Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Assessed Value</u> | <u>Net Bonded Debt</u> |
|--------------------|-----------------------|------------------------|
| 1996               | \$ 34,215             | \$ 22,527              |
| 1997               | 30,082                | 25,663                 |
| 1998               | 26,806                | 32,748                 |
| 1999               | 15,658                | 22,705                 |
| 2000               | 15,658                | 6,798                  |
| 2001               | -                     | -                      |
| 2002               | -                     | -                      |
| 2003               | -                     | -                      |
| 2004               | 577,919               | 577,919                |
| 2005               | 676,733               | 676,733                |

**CITY OF SOUTH JORDAN**  
**Ratio of Net General Bonded Debt to Assessed Valuation**  
**and General Bonded Debt per Capita**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Population | Assessed<br>Value | Net Bonded Debt | Ratio of Net<br>General Bonded<br>Debt to Assessed<br>Value | Net General<br>Bonded Debt Per<br>Capita |
|----------------|------------|-------------------|-----------------|---|--|
| 1996           | 25,000     | \$ 687,043,266    | \$ 400,000      | 0.06%   | 16.00                                    |
| 1997           | 27,000     | 712,215,236       | 355,000         | 0.05%   | 13.15                                    |
| 1998           | 28,000     | 828,579,235       | 305,000         | 0.04%   | 10.89                                    |
| 1999           | 28,599     | 931,424,186       | 250,000         | 0.03%   | 8.74                                     |
| 2000           | 29,437     | 999,355,309       | 195,000         | 0.02%   | 6.62                                     |
| 2001           | 31,270     | 1,130,758,991     | 135,000         | 0.01%   | 4.32                                     |
| 2002           | 34,374     | 1,265,268,767     | 70,000          | 0.01%   | 2.04                                     |
| 2003           | 36,162     | 1,413,255,451     | -               | 0.00%   | -  |
| 2004           | 38,404     | 1,538,457,838     | -               | 0.00%   | -  |
| 2005           | 43,959     | 1,721,854,829     | -               | 0.00%   | -  |

**CITY OF SOUTH JORDAN**  
**Computation of Direct Legal Debt Margin**  
June 30, 2005

**General Purposes:**

|   |    |               |                       |
|---|----|---------------|-----------------------|
| Reasonal Fair Cash Value *              | \$ | 2,694,699,241 |                       |
| Debt limit, 4% of market value **       |    |               | 107,787,970           |
| Amount of debt applicable to debt limit |    |               | -                     |
| Legal debt margin - general purposes    |    |               | <u>\$ 107,787,970</u> |

**Water, Sewer, Lighting:**

|  |               |                    |
|--|---------------|--------------------|
| Reasonal Fair Cash Value *                 | 2,694,699,241 |                    |
| Debt limit, 8% of market value **          |               | 215,575,939        |
| Amount of debt applicable to debt limit    |               | -                  |
| Legal debt margin - water, sewer, lighting |               | <u>215,575,939</u> |

|                                       |                       |
|---------------------------------------|-----------------------|
| Total Legal debt margin for all types | <u>\$ 323,363,909</u> |
|---------------------------------------|-----------------------|

Source: Salt Lake County Auditor's Office

\* Estimated value based on data from Salt Lake County Auditor's Office

\*\* Debt margin applies to general obligation bonds. Market value is used to determine legal debt limit. See Utah Constitution, Sec 14, Paragraph 4.

**CITY OF SOUTH JORDAN**  
**Computation of Direct and Overlapping Debt**  
June 30, 2005

| Government Entity                 | Net Debt<br>Outstanding | Percentage<br>Applicable to<br>the City of<br>South Jordan | City of South<br>Jordan's Portion<br>of Debt |
|-----------------------------------|-------------------------|--|--|
| City Of South Jordan              | \$ -                    | 100.00%  | \$ -   |
| Salt Lake County                  | 151,650,311             | 3.10%  | 4,701,160                                    |
| Jordan School District            | 172,775,000             | 9.20%  | 15,895,300                                   |
| Salt Lake County Sewer District   | 860,000                 | 24.61%   | 211,646                                      |
| Central Utah Water Cons. District | 318,325,950             | 2.21%  | 7,035,003                                    |
| Total                             | <u>\$ 643,611,261</u>   | <u>4.33%</u>   | <u>\$ 27,843,109</u>                         |

**CITY OF SOUTH JORDAN**  
**General Obligation Bond Coverage with Enterprise Fund**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Revenues     | Expenses     | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements |           |           | Coverage |
|----------------|--------------|--------------|--|---------------------------|-----------|-----------|----------|
|                |              |              |  | Principle                 | Interest  | Total     |          |
| 1996           | \$ 3,191,386 | \$ 2,361,647 | \$ 829,739                                   | \$ 40,000                 | \$ 24,708 | \$ 64,708 | 12.82    |
| 1997           | 3,725,728    | 3,141,116    | 584,612                                      | 45,000                    | 22,318    | 67,318    | 8.68     |
| 1998           | 3,631,369    | 2,762,823    | 868,546                                      | 50,000                    | 20,275    | 70,275    | 12.36    |
| 1999           | 3,467,093    | 2,805,205    | 661,888                                      | 55,000                    | 15,858    | 70,858    | 9.34     |
| 2000           | 3,810,904    | 3,432,036    | 378,868                                      | 55,000                    | 21,560    | 76,560    | 4.95     |
| 2001           | 4,191,804    | 3,827,386    | 364,418                                      | 60,000                    | 10,920    | 70,920    | 5.14     |
| 2002           | 5,165,822    | 4,357,145    | 808,677                                      | 65,000                    | 7,560     | 72,560    | 11.14    |
| 2003           | N/A          | N/A          | N/A  | N/A                       | N/A       | N/A       | N/A      |
| 2004           | N/A          | N/A          | N/A  | N/A                       | N/A       | N/A       | N/A      |
| 2005           | N/A          | N/A          | N/A  | N/A                       | N/A       | N/A       | N/A      |

Note: As of 2003 the City did not have any General Obligation Debt



# CITY OF SOUTH JORDAN

Demographics Statistics  
Year Ended June 30, 2005

## Census Population Statistics

| Year | Population |
|------|------------|
| 1950 | 1,048      |
| 1960 | 1,354      |
| 1970 | 2,942      |
| 1980 | 7,335      |
| 1990 | 12,220     |
| 2000 | 29,437     |
| 2005 | 43,959     |

## \* General Population Characteristics 2000

| Age: | <u>Under 5</u> | <u>18 &amp; over</u> | <u>21 &amp; over</u> | <u>15-19</u> | <u>20-24</u>          | <u>25-34</u> | <u>35-44</u> | <u>45-54</u>      |
|------|----------------|----------------------|----------------------|--------------|-----------------------|--------------|--------------|-------------------|
|      | 2,473          | 17,888               | 16,194               | 3,631        | 1,864                 | 3,113        | 4,866        | 3,676             |
|      | <u>55-59</u>   | <u>60-64</u>         | <u>65-74</u>         | <u>75-84</u> | <u>85 &amp; older</u> |              |              | <u>Median Age</u> |
|      | 1,089          | 670                  | 796                  | 472          | 119                   |              |              | 25.3              |

| Race: | <u>White</u> | <u>Black</u> | <u>American Indian and Alaskan Aleut</u> | <u>Asian and Pacific Islander</u> | <u>Hispanic or Latino</u> | <u>Other</u> |
|-------|--------------|--------------|--|-----------------------------------|---------------------------|--------------|
|       | 28,115       | 88           | 30                                       | 438                               | 962                       | 766          |

| # Income: | <u>Per Capita</u> | <u>Mean per Tax Return</u> | <u>Mean per Family</u> |
|-----------|-------------------|----------------------------|------------------------|
|           | \$16,366          | \$51,778                   | \$70,583               |

|                               |       |
|-------------------------------|-------|
| Total Occupied Housing Units: | 7,507 |
| Total Vacant Housing Units:   | 214   |

|             |        |
|-------------|--------|
| Homeowners: | 89.70% |
| Renters:    | 10.30% |

|                            |      |
|----------------------------|------|
| Persons per Dwelling Unit: | 3.92 |
|----------------------------|------|

\* 2000 Census

# 2003 Utah Tax Commission Data

**CITY OF SOUTH JORDAN**  
**Property Value, Construction, and Bank Deposits**  
**Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Property Value (A)</u> | <u>Construction (B)</u> | <u>Bank Deposits ( C)</u> |
|--------------------|---------------------------|-------------------------|---------------------------|
| 1996               | \$ 687,043,266            | \$ 57,417,600           | N/A                       |
| 1997               | 694,708,489               | 82,078,616              | N/A                       |
| 1998               | 817,094,057               | 73,436,510              | N/A                       |
| 1999               | 899,426,173               | 66,716,230              | N/A                       |
| 2000               | 999,355,560               | 74,347,712              | N/A                       |
| 2001               | 1,130,758,991             | 75,415,442              | N/A                       |
| 2002               | 1,265,268,767             | 79,415,515              | N/A                       |
| 2003               | 1,413,255,451             | 104,915,862             | N/A                       |
| 2004               | 1,538,457,838             | 183,478,108             | N/A                       |
| 2005               | 1,721,854,829             | 279,358,383             | N/A                       |

- (A) Estimated historical cost based on data from the Salt Lake County Assessor
- (B) Based on building permits issued by the City Building Department
- ( C) Utah is a branch banking state, and deposit information is available only on a statewide basis

**CITY OF SOUTH JORDAN**  
**Number of Building Permits and Construction Value**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Commercial |             | Residential |              | Other   |            | Total   |              |
|----------------|------------|-------------|-------------|--------------|---------|------------|---------|--------------|
|                | Permits    | Value       | Permits     | Value        | Permits | Value      | Permits | Value        |
| 1996           | 11         | \$5,529,700 | 472         | \$61,334,700 | 63      | \$ 553,750 | 546     | \$67,418,150 |
| 1997           | 19         | 11,405,700  | 429         | 68,089,400   | 179     | 2,583,516  | 627     | 82,078,616   |
| 1998           | 20         | 12,426,850  | 432         | 55,850,100   | 211     | 5,159,560  | 663     | 73,436,510   |
| 1999           | 21         | 12,087,800  | 381         | 51,201,740   | 163     | 3,426,690  | 565     | 66,716,230   |
| 2000           | 66         | 28,000,247  | 354         | 43,679,450   | 293     | 2,668,015  | 713     | 74,347,712   |
| 2001           | 78         | 30,408,142  | 327         | 42,327,500   | 247     | 2,679,800  | 652     | 75,415,442   |
| 2002           | 61         | 16,596,300  | 462         | 60,057,100   | 319     | 2,762,115  | 842     | 79,415,515   |
| 2003           | 56         | 13,089,637  | 622         | 85,745,000   | 406     | 6,081,225  | 1084    | 104,915,862  |
| 2004           | 71         | 30,330,587  | 832         | 142,182,000  | 477     | 10,965,521 | 1380    | 183,478,108  |
| 2005           | 75         | 85,349,600  | 944         | 186,977,160  | 503     | 7,031,623  | 1522    | 279,358,383  |

Source: The City of South Jordan Building Department

**CITY OF SOUTH JORDAN**  
**Total Retail Sales**  
**Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Total Retail<br/>Sales in<br/>South Jordan</u> |
|--------------------|---|
| 1996               | \$ 59,446,500                                     |
| 1997               | 67,886,497  |
| 1998               | 62,030,437  |
| 1999               | 66,144,015  |
| 2000               | 77,635,326  |
| 2001               | 89,491,203  |
| 2002               | 98,708,472  |
| 2003               | 156,304,624                                       |
| 2004               | 201,631,370                                       |
| 2005               | 221,049,747                                       |

Source: Utah State Tax Commission

# **CITY OF SOUTH JORDAN**

## **Ten Largest Property Tax Payers**

June 30, 2005

| <u>Taxpayer</u>                  | <u>Type</u>           | <u>Assessed<br/>Value</u> | <u>Percentage of<br/>Total Assessed<br/>Valuation</u> |
|----------------------------------|-----------------------|---------------------------|---|
| Riverpark L.L.C.                 | Office Developer      | \$ 28,240,100             | 1.083%  |
| Sterling Village, L.C.           | Multiple Residential  | 22,886,900                | 0.878%  |
| Parkway Tower L.L.C.             | Office Developer      | 14,354,100                | 0.550%  |
| D E F Properties L.L.C.          | Multiple Property     | 13,164,060                | 0.505%  |
| Legacy Plaza, L.L.C.             | Multi Residential     | 12,279,300                | 0.471%  |
| Boyer Freeway Park LC            | Office Developer      | 10,744,560                | 0.412%  |
| MM (UT) PRS                      | Medical Supplies      | 10,472,600                | 0.402%  |
| Orange Street L.L.C.             | Property Developer    | 10,215,100                | 0.392%  |
| Wal-mart Stores Inc.             | Retail                | 10,076,500                | 0.386%  |
| Legacy Retirement Center, L.L.C. | Residential Home Bldr | 9,910,300                 | 0.380%  |

Total Assessed value \$ 2,607,527,830

Source: Salt Lake County Assessors Office.

# CITY OF SOUTH JORDAN

## Miscellaneous Statistics

June 30, 2005

### Fire Protection:

|  |    |
|--|----|
| Number of Stations                           | 2  |
| Number of Full-time Employees                | 35 |
| Number of Volunteer (Part-time) Firefighters | 0  |

### Police Protection:

|                                  |    |
|----------------------------------|----|
| Number of Sworn Officers         | 42 |
| Number of Other Employees        | 7  |
| Number of Vehicular Patrol Units | 41 |

### Recreation:

|                                     |           |
|-------------------------------------|-----------|
| Number of Developed Parks           | 23        |
| Number of Developed Park Acres      | 298       |
| Number of Planned, Future Parks     | 3         |
| Number of Tennis Courts             | 9         |
| Number of Horse Arenas              | 1         |
| Number of Linear Feet of Park Strip | 1,349,613 |

### Education:

|                              |   |
|------------------------------|---|
| Number of High Schools       | 1 |
| Number of Middle Schools     | 2 |
| Number of Elementary Schools | 6 |

### Water and Garbage Enterprises:

|                                       |        |
|---------------------------------------|--------|
| Number of Culinary Water Connections  | 10,420 |
| Number of Secondary Water Connections | 2,919  |
| Number of Garbage Users               | 9,626  |

### Street Lights:

|                         |       |
|-------------------------|-------|
| Number of Street Lights | 2,477 |
|-------------------------|-------|

### City Employees:

|                               |     |
|-------------------------------|-----|
| Number of Full-time Employees | 230 |
| Number of Part-time Employees | 127 |

### Election:

|   |        |
|---|--------|
| Number of Registered Voters                                       | 19,894 |
| Number of Votes Cast in Last General Election - 2004              | 16,313 |
| Number of Votes Cast in Last Municipal Election - 2005            | 3,009  |
| Percentage of Registered Voting in Last General Election - 2004   | 82%    |
| Percentage of Registered Voting in Last Municipal Election - 2005 | 15%    |

### Municipal Government:

|                                 |           |
|---------------------------------|-----------|
| Date of Incorporation           | 11/8/1935 |
| Area in Square Miles            | 21.8      |
| Miles in Streets                | 450       |
| Miles in Storm Drains           | 88.9      |
| Miles in Culinary Water Lines   | 218.7     |
| Miles in Irrigation Water Lines | 92.7      |

### Principal Employers:

|                               |     |
|-------------------------------|-----|
| Jordan School District Office | 986 |
| Ultradent                     | 900 |
| Merit Medical                 | 797 |
| City of South Jordan          | 357 |
| Hewlett Packard Company       | 250 |
| iBahn General Holdings Corp.  | 200 |
| Xango                         | 200 |
| Altius Health Plans           | 190 |
| Harmons                       | 151 |
| Landesk Software, Inc.        | 150 |

# CITY OF SOUTH JORDAN

Schedule of Insurance in Force  
Year Ended June 30, 2005

| Name of Company                | Type Of Coverage                                     | Policy Number              | Policy Period | Details of Coverage   | Liability Limit   | Premium                                |
|--------------------------------|--|----------------------------|---------------|---|---|--|
| URMMA                          | Comprehensive and General Liability<br>Auto Coverage | Joint Protection Agreement | Indefinite    | Auto Physical Damage<br>Auto Bodily Damage<br>Property Damage<br>General Liability<br>Personal Injury Liability<br>Error & Omission Liability<br>Uninsured Motorist   | N/A<br>5,000<br>100/100<br>10,000<br>10,000<br>10,000<br>20/40  |  |
| URMMA                          |  | Joint Protection Agreement | Indefinite    | General Liability<br>Property Damage  |   |  |
| Cincinnati Insurance           | City Manager/CEO                                     | 8455456                    | July, 2006    | Public Officials Bond   | 1,000,000   | \$ 1,100                               |
| Cincinnati Insurance           | City Treasurer                                       | 8455455                    | July, 2006    | Public Officials Bond   | 1,000,000   | 1,100                                  |
| Hartford Fire                  | Public Employee Bond                                 | 34BPEAW0369                | July, 2006    | Blanket Bond  | 100,000   | 2,754                                  |
| Chubb Group                    | Off Duty Vehicles<br>(59 Positions)                  | 74969965                   | July, 2006    |   | 1,000,000   | 7,930                                  |
| Hartford Steam Boiler          | Equipment Breakdown                                  | FBP2226704                 | July, 2006    |   | 50,000,000  | 6,385                                  |
| Chubb Group                    | Commercial Package                                   | 35833430                   | July, 2006    | Blanket Property<br>Building Ordinance or Law<br>Data Processing Equipt<br>Mobile Equipment<br>Earthquake Coverage<br>*Ded - 50,000 - Mulligans<br>Leased/Rented Equipt<br>*Ded - 1,000<br>Employee Tools<br>*Ded - 250 | 32,410,362<br>Inc<br>Inc<br>Inc<br>300,000<br>100,000<br>41,235 | 31,600<br><br><br><br>750<br>50<br>825 |
| Chubb Group                    | Emergency Vehicles                                   | 74969966                   | July, 2006    | Over \$50,000, 2,500 ded<br>Auto Physical Damage 113 vehicles<br>-Comprehinsive Deductible \$500<br>-Collision Deductible \$500<br>Hired Auto Physical Damage at \$500<br>Deductible Comprehensive/Collision            | 2,601,291   | 73,243                                 |
| Total premium for all coverage |  |                            |               |   |   | \$ 125,737                             |

# CITY OF SOUTH JORDAN

## Surety Bonds of Principal Officers

Year Ended June 30, 2005

| <u>Name of Official</u> | <u>Title</u>   | <u>Amount of Bond</u> |
|-------------------------|----------------|-----------------------|
| William Kent Money      | Mayor          | \$ 25,000             |
| David W. Colton         | Council Member | 25,000                |
| Ann Gayheart            | Council Member | 25,000                |
| Bradley G. Marlor       | Council Member | 25,000                |
| Mary Wenner             | Council Member | 25,000                |
| Leona Winger            | Council Member | 25,000                |
| Ricky A. Horst          | City Manager   | 1,000,000             |
| Dean Lundell            | City Treasurer | 1,000,000             |



**City of South Jordan**  
**Impact Fee Analysis**  
**For Fiscal Year Ending June 30, 2005**

| Description              | Storm<br>Drain | Roads &<br>Bridges | Parks        | Police     | Fire      | Culinary<br>Water | Secondary<br>Water |
|--------------------------|----------------|--------------------|--------------|------------|-----------|-------------------|--------------------|
| Beginning Balance        | \$ 1,389,411   | \$ -               | \$ 3,593,377 | \$ 3,439   | \$230,042 | \$ 1,035,145      | \$ 187,338         |
| <u>Revenues</u>          |                |                    |              |            |           |                   |                    |
| Previous Imact Fees      |                |                    |              |            |           |                   |                    |
| Section I Impact Fees    |                |                    |              |            |           |                   |                    |
| Section II Impact Fees   |                |                    |              |            |           |                   |                    |
| Section III Impact Fees  |                |                    |              |            |           |                   |                    |
| City Wide Impact Fees    | 539,857        | 1,766,078          | 2,283,478    | 191,162    | 242,930   | 2,106,163         | 2,978              |
| Total Revenues           | 1,929,268      | 1,766,078          | 5,876,855    | 194,601    | 472,972   | 3,141,308         | 190,316            |
| <u>Expenditures</u>      |                |                    |              |            |           |                   |                    |
| Previous Fee Expend.     |                |                    |              |            |           |                   |                    |
| Section I Expenditures   |                |                    |              |            |           |                   |                    |
| Section II Expenditures  |                |                    |              |            |           |                   |                    |
| Section III Expenditures |                |                    |              |            |           |                   |                    |
| City Wide Expenditures   | 544,163        | 1,579,462          | 4,642,300    | 67,224     | 68,674    | 577,749           | 107,028            |
| Total Expenditures       | 544,163        | 1,579,462          | 4,642,300    | 67,224     | 68,674    | 577,749           | 107,028            |
| Ending Balance           | \$ 1,385,105   | \$ 186,616         | \$ 1,234,554 | \$ 127,377 | \$404,298 | \$ 2,563,559      | \$ 83,288          |

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**INTERNAL CONTROL  
AND  
COMPLIANCE REPORTS**



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**SOUTH JORDAN**

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U T A H

**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

RANDEL A. HEATON, C.P.A.  
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**REPORT IN INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of South Jordan  
South Jordan, UT

November 30, 2005

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Jordan as of and for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

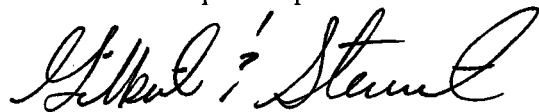
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of South Jordan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of South Jordan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However we noted certain immaterial instances of noncompliance that we reported to management of South Jordan City in a separate letter dated November 30, 2005.

This report is intended solely for the information of management, City Council, and Utah State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



GILBERT & STEWART  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT  
ON LEGAL COMPLIANCE WITH APPLICABLE  
UTAH STATE LAWS AND REGULATIONS**

Honorable Mayor and City Council  
City of South Jordan  
South Jordan, UT

November 30, 2005

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of City of South Jordan for the year ended June 30, 2005, and have issued our report thereon dated November 30, 2005. As part of our audit, we have audited City of South Jordan's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major state assistance programs from the State of Utah:

Class "C" Road Funds (Department of Transportation)  
Liquor Funds (Utah State Tax Commission)

The City also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the City of South Jordan's financial statements.)

Library Service Development (State Library)  
Emergency Medical Services (Department of Health)  
Historical Grant (Department of Community & Economic Development)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the Compliance Manual for Audits of Local Governments in Utah including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Liquor Law Enforcement  
Asset Forfeiture

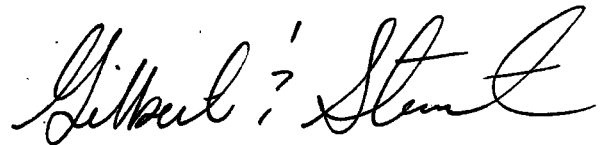
Justice Courts  
B & C Road Funds  
Special Districts  
Other Compliance Requirements  
Department of Commerce - Building Permits  
Impact Fees

The management of the City of South Jordan is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the City of South Jordan complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2005.

A handwritten signature in cursive script, appearing to read "Gilbert & Stewart", is written in dark ink.

GILBERT & STEWART  
*Certified Public Accountants*

**SOUTH JORDAN CITY**

**MANAGEMENT LETTER**

**JUNE 30, 2005**

**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION

RANDEL A. HEATON, C.P.A.  
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FAX (801) 373-5622

November 30, 2005

Honorable Mayor and City Council  
City of South Jordan  
South Jordan, UT

We have audited the financial statements of City of South Jordan for the year ended June 30, 2005 and have issued our report thereon dated November 30, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated September 6, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of City of South Jordan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of South Jordan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

This letter is issued as required by Statement on Auditing Standards No. 61, "Communications with audit committees", which requires auditors to determine that certain matters related to the conduct of an audit are communicated to those who have responsibility for the oversight of the financial reporting process.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise



management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of South Jordan are described in Note 1 to the financial statements. No new accounting policies or procedures were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by City of South Jordan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### Significant Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the City of South Jordan's financial reporting process. In our judgment, none of the adjustments we proposed whether recorded or unrecorded by the City, either individually or in the aggregate, indicate matters that could have a significant effect on the City's financial reporting process.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

The following matters are items noticed during our audit which related to Utah State compliance issues:

### Utah State Findings – Current Year

#### 04-1 General Compliance – Budgetary Compliance

**Finding:** Utah State law prohibits the City from incurring expenditures in excess of those budgeted. We noted the City had expenditures in excess of appropriations of \$1,090,711 in the Redevelopment Agency Fund.

**Recommendation:** We recommend that the City make necessary budgetary adjustments to bring the fund balance into compliance with the state law.

**City's Response:** We concur with the auditor's recommendation and have made necessary adjustments.

### Utah State Findings – Prior Year

**Finding:** Utah State law requires general fund balance be within 18% of estimated revenue. We noted during our audit that the City exceeded that limit.

**Recommendation:** We recommend that the City make necessary budgetary adjustments to bring the fund balance into compliance with the state law.

**Current Status:** See current year finding 04-1.

We thank you for the opportunity to serve the City of South Jordan. City personnel were very helpful in providing required documentation and information during our audit. Management is providing information and services to the City in an efficient and competent manner. If you have any questions regarding the above information or our audit please call.

This information is intended solely for the use of the City Council and management, and is not intended and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Gilbert & Stewart", with a long horizontal flourish extending to the right.

GILBERT & STEWART  
*Certified Public Accountants*